
Date: May 10, 2022

Item Number: _____

Resolution Number: _____

☒ 4/5 Vote Required

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA COUNTY WATER
AGENCY APPROVING A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING A
FINAL OFFICIAL STATEMENT; AUTHORIZING THE SALE OF BONDS THROUGH
COMPETITIVE OR NEGOTIATED SALE; AUTHORIZING EXECUTION OF A CONTINUING
DISCLOSURE AGREEMENT; AUTHORIZING THE REFINANCING OF PRIOR BONDS;
AUTHORIZING, IF APPROPRIATE, ACQUISITION OF A BOND INSURANCE POLICY; AND
AUTHORIZING CERTAIN DESIGNATED OFFICERS TO DO ALL OTHER THINGS DEEMED
NECESSARY OR ADVISABLE TO CARRY OUT TRANSACTIONS CONTEMPLATED BY THE
ELEVENTH SUPPLEMENTAL ORDINANCE.
(4/5 VOTE REQUIRED)**

WHEREAS, the Sonoma County Water Agency ("Sonoma Water") desires to raise funds in order to finance and refinance improvements to Sonoma Water's water transmission system; and

WHEREAS, it is necessary and desirable for Sonoma Water to issue revenue bonds pursuant to Section 30.17 of the Sonoma County Flood Control and Water Conservation District Act (the "Act") in a principal amount not to exceed \$30,000,000 for the following purposes: (a) to finance facilities and improvements to increase the reliability and capacity of the Water Agency's water transmission system, including without limitation any projects set forth in Sonoma Water's "Water Transmission Long Range Financial Plan," as it may be amended from time to time (collectively, the "2022 Improvements"), (b) to refund, in whole or in part, the outstanding 2012 Series A Bonds, subject to market conditions on the pricing date for the 2022 Bonds, and (c) pay costs of issuing the 2022 Bonds; and

WHEREAS, to that end, the Board of Directors (the "Board") of Sonoma Water has authorized and directed that a public hearing on its Ordinance entitled "Eleventh Supplemental Ordinance Providing for the Issuance of Not to Exceed \$30,000,000 Principal Amount of Sonoma County Water Agency Water Revenue Bonds, 2022 Series A (the "Eleventh Supplemental Ordinance") authorizing the issuance and sale of Sonoma Water's Water Revenue Bonds, 2022 Series A (the "2022 Bonds") be held on May 10, 2022, at 8:30 a.m., or as soon thereafter as practicable, and that notice of the public hearing be published; and

WHEREAS, notice of a public hearing on the Eleventh Supplemental Ordinance was duly published in the *Santa Rosa Press Democrat* on April 7, 2022, and

WHEREAS, a public hearing on the adoption of the Eleventh Supplemental Ordinance was duly held before the Board on May 10, 2022, at 8:30 a.m. or as soon thereafter as practicable; and

WHEREAS, there have been prepared and submitted to the Board forms of:

(a) a proposed form of Preliminary Official Statement (the "Preliminary Official Statement") to be used in connection with the sale of the 2022 Bonds; and

(b) proposed form of Official Notice of Sale (the "Notice of Sale") in accordance with which bids for the 2022 Bonds will be received if the 2022 Bonds are sold through a competitive sale;

(c) a proposed form of Bond Purchase Agreement (the "Purchase Agreement") pursuant to which the 2022 Bonds will be sold if the 2022 Bonds are sold through a negotiated sale;

(d) a proposed form of Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") between Sonoma Water and Digital Assurance Certification, LLC, as Dissemination Agent, in order to allow the underwriter of the 2022 Bonds to comply with Rule 15c2-12 of the United States Securities and Exchange Commission Rule; and

(e) a proposed form of Irrevocable Refunding Instructions (the "Irrevocable Refunding Instructions") given by Sonoma Water to U.S. Bank Trust Company, National Association, acting as escrow agent, in connection with the potential defeasance and refunding of all or a portion of the 2012 Series A Bonds;

WHEREAS, in accordance with Government Code Section 5852.1, the Board has obtained and disclosed the information set forth in Appendix A hereto;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sonoma County Water Agency, as follows:

1. The Preliminary Official Statement, in the form presented to the Board, is hereby approved. The distribution of the Preliminary Official Statement in connection with the sale of the 2022 Bonds, in such form with such changes, insertions and omissions therein as any of the following officers of Sonoma Water may approve, such distribution being conclusive evidence of such approval, is hereby authorized: the Chairman of the Board, the County Administrator, the Assistant County Administrator, the Treasurer of Sonoma Water, the General Manager of Sonoma Water, and the Auditor-Controller of the County (each an "Authorized Officer").

2. The Notice of Sale, in the form presented to the Board, is hereby approved. The Authorized Officers are hereby authorized and directed to distribute the Notice of Sale, with such changes, insertions and omissions as may be approved by the Authorized Officers, to potential bidders for the 2022

Bonds, and to sell the 2022 Bonds by competitive sale in accordance with the terms thereof. If the Authorized Officers determine to sell the 2022 Bonds pursuant to competitive sale, the Authorized Officers are hereby authorized and directed to publish the required notice of intention to sell the 2022 Bonds as required by Section 53692 of the California Government Code.

3. Notwithstanding the preceding paragraph, if the Authorized Officers determine it is more advantageous to Sonoma Water to sell the 2022 Bonds by negotiated sale, rather than by competitive sale, the Authorized Officers shall select one or more investment banking firms to act as underwriters (the "Underwriters") for the 2022 Bonds, in accordance with the policies and procedures of the County of Sonoma, and to enter into the Purchase Agreement with the Underwriters. The Purchase Agreement, in the form presented to the Board, is hereby approved. Each Authorized Officer is hereby authorized and directed to execute and deliver the Purchase Agreement with such changes as may be approved by such Authorized Officer, such execution and delivery being conclusive evidence of such approval; provided that the Purchase Agreement shall not be executed by an Authorized Officer if the underwriters' discount (exclusive of original issue discount) exceeds 2.00% of the original principal amount of the 2022 Bonds.

4. The Continuing Disclosure Agreement, in the form presented to the Board, is hereby approved. Each Authorized Officer is hereby authorized and directed to execute and deliver the Continuing Disclosure Agreement with such changes as may be approved by such Authorized Officer, such execution and delivery being conclusive evidence of such approval.

5. The Irrevocable Refunding Instructions, in the form presented to the Board, are hereby approved. Each Authorized Officer is hereby authorized and directed to execute and deliver the Irrevocable Refunding Instructions with such changes as may be approved by such Authorized Officer, such execution and delivery being conclusive evidence of such approval.

6. Each Authorized Officer is hereby authorized and directed to execute and deliver, on behalf of Sonoma Water, a final Official Statement relating to the 2022 Bonds to be dated as of the date of the sale of the 2022 Bonds, with such changes, insertions and omissions to the Preliminary Official Statement as may be approved by such Authorized Officer, such execution and delivery being conclusive evidence of approval.

7. At the time of sale of the 2022 Bonds, the Authorized Officer awarding the sale of the 2022 Bonds, if sold through competitive sale, or executing and delivering the Purchase Agreement, if sold through a negotiated sale, is hereby authorized and directed to fix the interest rate or rates on the 2022 Bonds, provided that the true interest cost with respect to the 2022 Bonds does not exceed 6.00%, and the original principal amount of the 2022 Bonds does not exceed \$30,000,000. In addition, at the time of sale of the 2022 Bonds, the Authorized Officer awarding the sale of the 2022 Bonds is authorized to determine, upon consultation with Sonoma Water's Municipal Advisor, whether market conditions warrant the refunding of the outstanding 2012 Series A Bonds, provided that such refunding produces positive net present value savings with respect to the 2012 Series A Bonds being refunded. Each Authorized Officer is hereby authorized and directed to approve such other pricing terms and information as is required to complete the transactions contemplated by the Eleventh Supplemental Ordinance and the Notice of Sale or the Purchase Agreement, as applicable, but in all events subject to the terms of the Eleventh Supplemental Ordinance.

8. The Treasurer of Sonoma Water is hereby authorized and directed to obtain municipal bond insurance guaranteeing all or a portion of the payment of principal of and interest on the 2022 Bonds if the Treasurer determines it will result in interest rate savings on the 2022 Bonds.

9. The Board of Directors hereby declares that it reasonably expects to issue the 2022 Bonds and to use a portion of the proceeds thereof to reimburse expenditures made by Sonoma Water for the 2022 Improvements before the date of issuance of the 2022 Bonds, and not more than 60 days before the effective date of this Resolution. The adoption of this Resolution is intended to comply with the United States Income Tax Regulations and evidence the intention of this Board of Directors to reimburse itself from the proceeds of the 2022 Bonds, if and when issued.

10. Each Authorized Officer is hereby authorized and directed to execute and deliver any and all other documents and instruments necessary for the issuance and sale of the 2022 Bonds in accordance with the Eleventh Supplemental Ordinance and this resolution, and to do or cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Eleventh Supplemental Ordinance and this resolution, including execution and delivery of any related documents. Any actions previously taken by an Authorized Officer in connection with the issuance of the 2022 Bonds, and the transactions contemplated by the Eleventh Supplemental Ordinance and this resolution, are hereby ratified and confirmed.

11. This resolution shall take effect immediately, provided that the 2022 Bonds shall be issued only upon the effectiveness of the Eleventh Supplemental Ordinance.

Directors:

Gorin: Rabbitt: Coursey: Hopkins: Gore:

Ayes: Noes: Absent: Abstain:

So Ordered.

PRELIMINARY OFFICIAL STATEMENT DATED MAY __, 2022**NEW ISSUE - FULL BOOK-ENTRY****RATING: S&P: “__”
See “Rating”**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2022 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See “TAX MATTERS.”



**Sonoma
Water**

**\$[PAR]*
SONOMA COUNTY WATER AGENCY
WATER REVENUE BONDS, 2022 SERIES A**

Dated: Date of Delivery**Due: July 1, as shown on inside cover**

The bonds captioned above (the “2022 Bonds”) are being issued by the Sonoma County Water Agency (“Sonoma Water”) under the Master Ordinance of Sonoma Water originally adopted December 28, 1970, as amended and supplemented to date (as amended and supplemented, the “Ordinance”).

The 2022 Bonds are being issued to provide funds to (i) finance the acquisition and construction of certain improvements to the Water Transmission System, (ii) refund all of the outstanding Sonoma County Water Agency Water Revenue Refunding Bonds, 2012 Series A, and (iii) pay the costs of issuing the 2022 Bonds. See “FINANCING PLAN.”

The 2022 Bonds are special obligations of Sonoma Water, payable from and secured by a pledge of and lien upon the Net Revenues of Sonoma Water’s water transmission system, and amounts on deposit in certain funds and accounts established under the Ordinance as and to the extent provided in the Ordinance. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS.” Sonoma Water’s obligation to pay debt service on the 2022 Bonds will be on a parity with its obligations to pay debt service on certain outstanding obligations as described in this Official Statement. Sonoma Water may issue or incur additional obligations payable from and secured by a pledge of and lien upon the Net Revenues on a parity with the 2022 Bonds in the future, subject to the satisfaction of conditions set forth in the Ordinance. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS – Future Parity Obligations.”

The 2022 Bonds will bear interest at the rates shown on the inside cover, payable semiannually on January 1 and July 1 of each year, commencing on July 1, 2022, and will be issued in fully registered form without coupons in integral multiples of \$5,000. The 2022 Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Purchasers of the 2022 Bonds will not receive certificates representing their interests in the 2022 Bonds. Payments of the principal of, premium, if any, and interest on the 2022 Bonds will be made by to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the 2022 Bonds. See “THE 2022 BONDS – General.”

The 2022 Bonds are subject to redemption prior to maturity. See “THE 2022 BONDS – Redemption.”

NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF SONOMA WATER IS PLEDGED TO THE PAYMENT OF THE 2022 BONDS OR INTEREST THEREON. THE 2022 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, OR LIEN, OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF SONOMA WATER OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE NET REVENUES OF THE WATER TRANSMISSION SYSTEM AND AMOUNTS ON DEPOSIT IN THE FUNDS AND ACCOUNTS ESTABLISHED UNDER THE ORDINANCE AS AND TO THE EXTENT PROVIDED IN THE ORDINANCE.

MATURITY SCHEDULE
(See inside cover)

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE OF BONDS. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE PURCHASE OF THE 2022 BONDS. INVESTMENT IN THE BONDS INVOLVES RISKS THAT MAY NOT BE APPROPRIATE FOR SOME INVESTORS. SEE “BOND OWNERS’ RISKS.”

The 2022 Bonds will be sold and awarded pursuant to a competitive bidding process to be held on _____, 2022, as set forth in the Official Notice of Sale. The 2022 Bonds are offered when, as and if issued and accepted by the Purchaser, subject to approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed upon for Sonoma Water by Jones Hall, A Professional Law Corporation, as Disclosure Counsel. Certain legal matters will be passed upon for Sonoma Water by County Counsel of Sonoma County. It is anticipated that the 2022 Bonds, in book-entry only form, will be available through the facilities of DTC on or about _____, 2022.

The date of this Official Statement is: _____, 2022

* Preliminary; subject to change.

MATURITY SCHEDULE

\$(PAR)*
SONOMA COUNTY WATER AGENCY
WATER REVENUE BONDS, 2022 SERIES A

Base CUSIP†: _____

<u>Maturity</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP†</u> <u>Number</u>
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\$_____ - _____% Term 2022 Bonds due July 1, 20____; Yield _____%; Price _____; CUSIP†: _____

\$_____ - _____% Term 2022 Bonds due July 1, 20____; Yield _____%; Price _____; CUSIP†: _____

**Preliminary, subject to change.*

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SONOMA COUNTY WATER AGENCY

BOARD OF DIRECTORS

James Gore, *Fourth District, Chair*
Chris Coursey, *Third District, Vice Chair*
David Rabbitt, *Second District, Chair Pro-Tem*
Susan Gorin, *District 1*
Lynda Hopkins, *District 5*

AGENCY STAFF

Grant Davis, *General Manager*
James Jasperse, *Chief Engineer and Director of Groundwater Management*
Brad Sherwood, *Assistant General Manager*
Michael Thompson, *Assistant General Manager - Maintenance Division*
Lynne Rosselli, *Division Manager - Administrative and Financial Services*
Pamela Jeane, *Assistant General Manager - Water and Wastewater Operations*

AGENCY OFFICIALS (EX OFFICIO)

Robert Pittman, *County Counsel*
Adam Brand, *Chief Deputy County Counsel*
Erick Roeser, *Auditor-Controller Treasurer-Tax Collector*
Kathleen Parnell, *Assistant Auditor-Controller Treasurer-Tax Collector*

BOND COUNSEL AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

MUNICIPAL ADVISOR

KNN Public Finance, LLC
Berkeley, California

TRUSTEE

U.S. Bank Trust Company, National Association
San Francisco, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the 2022 Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2022 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of Sonoma Water or the Water Transmission System since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the 2022 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the 2022 Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. The Purchaser has provided the following sentence for inclusion in this Official Statement: The Purchaser has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Purchaser does not guarantee the accuracy or completeness of such information.

Document References and Summaries. All references to and summaries of the Master Ordinance or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Stabilization of and Changes to Offering Prices. The Purchaser may over allot or take other steps that stabilize or maintain the market price of the 2022 Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Purchaser may discontinue such market stabilization at any time. The Purchaser may offer and sell the 2022 Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page of this Official Statement, and those public offering prices may be changed from time to time by the Purchaser.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the 2022 Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. SONOMA WATER DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

Internet Site. Sonoma Water maintains an internet site; however, none of the information contained on that internet site is incorporated by reference in this Official Statement.

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OFFICIAL STATEMENT

\$[PAR]*
**SONOMA COUNTY WATER AGENCY
WATER REVENUE BONDS, 2022 SERIES A**

INTRODUCTION

*This Official Statement, including the cover page and appendices, is provided to furnish information concerning the issuance by the Sonoma County Water Agency (“**Sonoma Water**”) of the bonds captioned above (the “**2022 Bonds**”). This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement.*

Authority for Issuance. The 2022 Bonds are being issued by Sonoma Water under (i) Ordinance No. 1 adopted by the Board of Directors of Sonoma Water (the “**Board**”) on December 28, 1970 (the “**Master Ordinance**”), as amended and supplemented from time to time through and including, an Eleventh Supplemental Ordinance adopted by the Board on May 10, 2022 (as so amended and supplemented, the “**Ordinance**”), and (ii) a resolution adopted by the Board on May 10, 2022 (the “**Bond Resolution**”). U.S. Bank Trust Company, National Association, San Francisco, California, has been appointed as trustee for the 2022 Bonds (the “**Trustee**”) under the Ordinance.

Security and Sources of Payment for the 2022 Bonds. The 2022 Bonds are special obligations of Sonoma Water payable from and secured by a pledge of and lien upon the Net Revenues of Sonoma Water’s water transmission system (the “**Water Transmission System**”), and amounts on deposit in the funds and accounts established under the Ordinance as and to the extent provided in the Ordinance. Under the Ordinance, “**Net Revenues**” are generally defined as the “Gross Revenues” received from the Water Transmission System, less the amount of Maintenance and Operation Costs of the Water Transmission System. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS.”

Use of Proceeds. The 2022 Bonds are being issued to provide funds to: (i) finance the acquisition and construction of certain facilities and improvements to the Water Transmission System; (ii) refund all of the outstanding Sonoma County Water Agency Water Revenue Refunding Bonds, 2012 Series A (the “**2012 Bonds**”), which are outstanding in the aggregate principal amount of \$7,710,000; and (iii) pay the costs of issuing the 2022 Bonds. See “FINANCING PLAN.”

Outstanding Parity Debt. The debt service on the 2022 Bonds will be payable from and secured by a pledge of and lien upon Net Revenues and certain funds and accounts set forth in the Ordinance on a parity with the following outstanding obligations of Sonoma Water:

* Preliminary; subject to change.

- A loan by the State of California (the “**State**”) Department of Water Resources (the “**DWR**”) to Sonoma Water (the “**State Revolving Fund Loan**”), which loan was outstanding in the principal amount of \$6,144,365 as of April 1, 2022;
- Sonoma County Water Agency Water Revenue Bonds, 2015 Series A (the “**2015A Bonds**”), which are outstanding in the aggregate principal amount of \$19,495,000; and
- Sonoma County Water Agency Water Revenue Bonds, 2019 Series A (the “**2019 Bonds**”), which are outstanding in the aggregate principal amount of \$10,310,000.

The 2015A Bonds, the 2019 Bonds and the 2022 Bonds are sometimes referred to collectively in this Official Statement as the “**Bonds**.”

Future Parity Debt. Under the Ordinance, Sonoma Water may issue or incur Revenue Bonds, variable rate, commercial paper, auction rate securities, notes or any other bonds or obligations authorized by law from time to time (including without limitation long-term contracts, loans, sub-leases or other legal financing arrangements) of Sonoma Water payable from and secured by a pledge of and lien upon any of the Net Revenues equally and ratably with the Outstanding Bonds and any other Indebtedness issued or incurred and pursuant to a Parity Obligations Instrument (collectively with the Bonds, the “**Parity Obligations**”), subject to the conditions contained in the Ordinance. See SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS – Future Parity Obligations.”

Rate Covenant. Under the Ordinance, Sonoma Water is obligated to fix, prescribe, revise, and collect charges for the Water Transmission System during each Fiscal Year that are sufficient to yield Net Revenues of at least 115% of Debt Service on the Bonds and Parity Obligations in that Fiscal Year. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS – Rate Covenants.”

No Debt Service Reserve Fund. The 2022 Bonds will not be secured by a debt service reserve fund.

Redemption. The 2022 Bonds are subject to redemption prior to their stated maturity as described in this Official Statement. See “THE 2022 BONDS – Redemption.”

Sonoma Water. Sonoma Water is a wholesale water supplier to nine cities and water districts in that serve more than 600,000 residents in portions of Sonoma and Marin counties. For economic and demographic information regarding Sonoma Water’s service area, see “APPENDIX D – GENERAL INFORMATION REGARDING SONOMA COUNTY AND MARIN COUNTY.”

Sonoma Water provides water through the Water Transmission System on a wholesale basis to its customers (collectively, the “**Water Customers**”), which consist of municipalities or public water districts that distribute water to their retail customers in Sonoma and Marin Counties. Sonoma Water supplies water to the Water Customers, and derives the majority of the Gross Revenues of the Water Transmission System under an agreement with certain cities, towns and public agencies in Sonoma and Marin Counties and an agreement with Marin Municipal Water District (“**MMWD**”). See “SONOMA WATER AND THE WATER TRANSMISSION SYSTEM – Water Supply Sources and Water Rights.”

Risks of Investment. The purchase of the 2022 Bonds involves certain risks. See “BOND OWNERS’ RISKS.”

THE 2022 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, OR LIEN, OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF SONOMA WATER OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE NET REVENUES OF THE WATER TRANSMISSION SYSTEM AND AMOUNTS ON DEPOSIT IN THE FUNDS AND ACCOUNTS ESTABLISHED UNDER THE ORDINANCE AS AND TO THE EXTENT PROVIDED IN THE ORDINANCE.

Summaries Not Definitive. All descriptions and summaries of various documents in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements in this Official Statement are qualified in their entirety by reference to each document. Certain capitalized terms used in this Official Statement and not defined in this Official Statement have the meaning given them in “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE.” Copies of the documents described in this Official Statement are available from Sonoma Water for a reasonable copying and mailing fee.

FINANCING PLAN

The 2022 Improvements

A portion of the net proceeds of the 2022 Bonds will be used by Sonoma Water to finance the cost of facilities and improvements to increase the reliability and capacity of the Water Transmission Long Range Financial Plan (the “**2022 Improvements**”). Sonoma Water anticipates completing the 2022 Improvements by no later than July, 2025.

Refunding of 2012 Bonds

The 2012 Bonds maturing on or after July 1, 2023, are subject to redemption prior to their respective maturity dates, at the option of Sonoma Water, as a whole or in part on any business day on or after July 1, 2022, from any source of available funds, at the principal amount of the 2012 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

On the date the 2022 Bonds are issued (the “**Closing Date**”), pursuant to an [Escrow Agreement], dated as of [June 1], 2022 (the “**Escrow Agreement**”), by and between the U.S. Bank Trust Company, National Association, as escrow agent (in such capacity, the “**Escrow Agent**”) and as Trustee of the 2012 Bonds, Sonoma Water will cause a portion of the proceeds of the 2022 Bonds to be delivered to the Escrow Agent which, together with other moneys, will be deposited by the Escrow Agent in the escrow fund established under the Escrow Agreement (the “**Escrow Fund**”), on behalf of Sonoma Water and for the benefit of the owners of the outstanding 2012 Bonds.

The Escrow Agent will [invest a portion of the funds on deposit in the Escrow Fund in federal securities and will hold the remainder in cash, uninvested]/[hold the amounts deposited into the Escrow Fund in cash, uninvested]. On July 1, 2022, from the moneys on deposit in the Escrow Fund [and the investment earnings thereon], the Escrow Agent will pay (i) the regularly scheduled principal of and interest on the outstanding 2012 Bonds maturing on July 1, 2022, and

(iii) the principal of the outstanding 2012 Bonds maturing on and after July 1, 2023, plus interest with respect thereto accrued through such date, without premium.

The outstanding 2012 Bonds are described in the following table.

Maturity Date (July 1)	Principal Amount	Interest Rate
2022	\$590,000	4.000%
2023	610,000	3.000
2024	630,000	4.000
2025	655,000	5.000
2026	685,000	3.000
2027	705,000	3.000
2028	720,000	3.000
2030 T	1,510,000	3.000
2032 T	1,605,000	3.000

T: Term 2012 Bonds

The amounts held by the Escrow Agent in the Escrow Fund are pledged solely to the payment of the outstanding 2012 Bonds, as described above. The funds deposited into the Escrow Fund will not be available for the payment of debt service on the 2022 Bonds. As a result of the deposit and application of funds as provided in the Escrow Agreement, all of the outstanding 2012 Bonds will be discharged on the Closing Date pursuant to the provisions of the Ordinance.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds relating to the 2022 Bonds are as follows:

Sources:

Principal Amount of 2022 Bonds

Plus: Net Original Issue Premium

TOTAL SOURCES

Uses:

Deposit to Escrow Fund ^[1]

Deposit to Construction Fund ^[2]

Costs of Issuance ^[3]

TOTAL USES

[1] To refund outstanding 2012 Bonds. See "FINANCING PLAN – Refunding of 2012 Bonds."

[2] Represents funds to be used to finance the costs of the 2022 Improvements. See "– The 2022 Improvements" above.

[3] Includes purchaser's discount, bond and disclosure counsel fees, municipal advisor's fees, printing costs, rating agency fees, and other miscellaneous expenses.

THE 2022 BONDS

General

The 2022 Bonds will be dated their date of delivery and issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple of \$5,000. The 2022 Bonds will mature in the amounts and on the dates, and bear interest at the rates per annum, set forth on the inside cover page of this Official Statement.

Interest on the 2022 Bonds shall be payable on January 1 and July 1 of each year to maturity, beginning [July 1, 2022] (each an “**Interest Payment Date**”), commencing July 1, 2022, 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 2022 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. 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 Ordinance defines “**Record Date**” as the 15th calendar day of the month immediately preceding an Interest Payment Date.

The 2022 Bonds will 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 [June 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 2022 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“**DTC**”), New York, New York, as the initial securities depository for the 2022 Bonds. Ownership interests in the 2022 Bonds may be purchased in book-entry form only. Purchasers of the 2022 Bonds will not receive physical bonds representing their ownership interests in the 2022 Bonds purchased.

Principal and interest payments with respect to the 2022 Bonds are payable directly to DTC by the Trustee. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the 2022 Bonds. See “APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

So long as the 2022 Bonds are registered in the name of Cede & Co., as nominee of DTC, references in this Official Statement to the “owners” mean Cede & Co., and not the purchasers or Beneficial Owners of the 2022 Bonds. See “APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Redemption*

Optional Redemption. The 2022 Bonds maturing on or before July 1, 20__, are not subject to optional redemption prior to maturity. The 2022 Bonds maturing on or after July 1, 20__, are subject to redemption prior to their respective maturity dates, at the option of Sonoma Water, as a whole or in part on any Business Day, in any order directed by Sonoma Water, and if Sonoma Water 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 2022 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The 2022 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)

Sinking Payments

*Scheduled maturity

20__ Term Bonds

Sinking Fund
Redemption Date
(July 1)

Sinking Payments

*Scheduled maturity

Special Mandatory Redemption from Net Proceeds of Insurance or Condemnation. The 2022 Bonds are also subject to redemption as a whole or in part on any date, in any order directed by Sonoma Water, and if Sonoma Water 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 Water Transmission System or the Net Proceeds of condemnation awards received with respect to the Water Transmission System to be used for such purpose pursuant to the Ordinance, at a redemption price equal to the principal amount of the 2022 Bonds to be redeemed, plus interest accrued thereon to the date fixed for redemption, without premium.

Purchase in Lieu of Redemption. In lieu of redemption of 2022 Bonds as described 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 Sonoma Water filed with the Trustee,

* Preliminary; subject to change.

for the purchase of 2022 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 Sonoma Water may in its discretion determine, but not to exceed the principal amount of such 2022 Bonds plus the redemption premium applicable on the next ensuing optional redemption date. Sonoma Water will, at the time of any such purchase, pay to the Trustee for deposit in the Debt Service Fund the amount of any deficiency in the Debt Service Fund which may be caused by such purchase.

Selection of 2022 Bonds for Redemption. Whenever provision is made for the redemption of any series of Bonds or portion thereof by lot, and less than all of the 2022 Bonds of such series or portion thereof are called for redemption, Sonoma Water will direct the order of redemption, and if Sonoma Water fails, the Trustee will select the 2022 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.

Notice of Redemption. Unless waived by the Owner of any 2022 Bonds to be redeemed, notice of any redemption of 2022 Bonds will be given, at the expense of Sonoma Water, 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 2022 Bond or 2022 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 will affect the sufficiency of the proceedings for the redemption of the 2022 Bonds.

However, while the 2022 Bonds are subject to DTC's book-entry system, the Trustee will be required to give notice of redemption only to DTC as provided in the letter of representations executed by Sonoma Water and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of redemption to the beneficial owners of the 2022 Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any 2022 Bonds to be redeemed, of a notice of redemption or its content or effect will not affect the validity of the notice of redemption, or alter the effect of redemption set forth in the Ordinance.

Cancellation of Redemption Notice. Notwithstanding anything in the Ordinance to the contrary, Sonoma Water has the right to cancel the notice of any optional redemption by providing written notice of such cancellation to the Trustee not less than five days prior to the date set for redemption.

Effect of Redemption. If notice of redemption is given as described above, the 2022 Bonds or portions of 2022 Bonds so to be redeemed will, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless Sonoma Water defaults in the payment of the Redemption Price) such 2022 Bonds or portions of 2022 Bonds will cease to have interest accrue thereon.

Upon surrender of such 2022 Bonds for redemption in accordance with the redemption notice, such 2022 Bonds will be paid by the Trustee at the Redemption Price. Installments of interest due on or prior to the redemption date will be payable as provided in the Ordinance for payment of interest.

DEBT SERVICE SCHEDULES

2022 Bonds

The table below sets forth the annual debt service on the 2022 Bonds.

Fiscal Year Ending June 30	2022 Bonds Principal	2022 Bonds Interest	Total Annual Debt Service
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Total:

Outstanding Parity Debt

The table below sets forth the annual debt service on the State Revolving Fund Loan and the Bonds.

Fiscal Year Ending June 30	State Revolving Fund Loan	2015A Bonds	2019 Bonds	2022 Bonds	Total Combined Debt Service
2022	\$1,040,231.58	\$1,482,706.26	\$785,950.00		
2023	1,040,231.58	1,477,081.26	782,575.00		
2024	1,040,231.58	1,484,331.26	783,325.00		
2025	1,040,231.58	1,479,331.26	783,075.00		
2026	1,040,231.58	1,477,206.26	781,825.00		
2027	1,040,231.58	1,476,831.26	784,450.00		
2028	1,040,231.58	1,472,831.26	785,825.00		
2029	520,295.89	1,474,331.26	781,075.00		
2030	--	1,477,306.26	785,075.00		
2031	--	1,479,231.26	782,700.00		
2032	--	1,470,256.26	783,950.00		
2033	--	1,475,306.26	781,900.00		
2034	--	1,473,468.76	781,800.00		
2035	--	1,469,796.88	784,025.00		
2036	--	1,474,062.50	783,775.00		
2037	--	1,466,243.75	782,925.00		
2038	--	851,809.38	781,475.00		
2039	--	855,821.88	784,350.00		
2040	--	853,400.00	781,550.00		
2041	--	849,612.50	--		
Total	\$7,801,916.95	\$27,020,965.77	\$14,881,625.00		

SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS

This section provides summaries of the security for the 2022 Bonds, and certain provisions of the Ordinance. See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE" for a more complete summary of the Ordinance.

Pledge of Net Revenues

General. Under the Ordinance, Sonoma Water for the benefit of the Owners, places a lien upon that portion of the Net Revenues which is necessary to pay the principal or Redemption Price 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 irrevocably pledged to the punctual payment of the principal or Redemption Price and interest on the Bonds, and any 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 such sums for such purposes, as are expressly permitted by the Master Ordinance. Said pledge shall constitute a first, direct and exclusive charge and lien on the Net Revenues, for the payment of the principal or Redemption Price of and interest on the Bonds in accordance with the terms thereof, and any Parity Obligations.

The Net Revenues constitute a trust fund for the security and payment of the principal or Redemption Price of and interest on the Bonds. The general fund of Sonoma Water is not liable and the credit or taxing power of Sonoma Water is not pledged for the payment of the principal or Redemption Price of and interest on the Bonds. The Owner of the Bonds shall not compel the exercise of the taxing power by Sonoma Water or the forfeiture of its property, or upon any of its income, receipts, or revenues except the Net Revenues of the Transmission System. Under the Ordinance, 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.

Net Revenues. The Ordinance defines "**Net Revenues**" with respect to the Water Transmission System as, for any period of computation, the amount of the Gross Revenues received from the Water Transmission System during such period, less the amount of Maintenance and Operation Costs of the Water Transmission System becoming payable during such period.

Gross Revenues. The Ordinance defines "**Revenues**," "**Gross Revenues**," and "**Revenues of the Transmission System**" as all charges received for, and all other income and receipts derived by Sonoma Water from, the ownership or operation of the Water Transmission System, or arising from the Water Transmission System, including:

- income derived from the sale or use of water or charges or rentals for capacity in any facilities of the Water Transmission System, together with
- any receipts derived from the sale of any property pertaining to the Water Transmission System or incidental to the operation of the Water Transmission System (including the sale of electrical power),

- receipts derived from the investment of funds held by Sonoma Water or the Trustee under the Ordinance, or from any services performed by Sonoma Water in connection with or incidental to the Water Transmission System, or

- from any other source whatsoever directly or indirectly derived from the Water Transmission System including Capital Charges and Maintenance and Operation Charges relating to the Water Transmission System received from any Water Contractor under any Agreement.

The Ordinance *excludes* from the definition of “Revenues,” in every case, the following:

(1) any moneys derived from the levy or collection of taxes upon any taxable property in Sonoma Water,

(2) capital cost cash payments and interest thereon received by Sonoma Water from North Marin Water District, pursuant to the Restructured Water Supply Agreement,

(3) other capital cost cash payments and interest thereon received by Sonoma Water in connection with the future expansion of the Water 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 an Agreement,

(4) any monies derived pursuant to the section of the Restructured Water Supply Agreement regarding payment of the Russian River Projects Charge and the Russian River Conservation Charge,

(5) any monies derived pursuant to the Supplemental Agreement with respect to the Russian River Conservation Charge and the Russian River Project Charge,

(6) any moneys received from MMWD for firm water supply pursuant to Section 8 of Exhibit B of the Supplemental Agreement,

(7) any monies received under any Agreement with respect to the Russian River Project, and

(8) any monies derived from payments of the following under the Restructured Water Supply Agreement: the Water Management Planning Sub-Charge made pursuant to Section 4.13, the Watershed Planning and Restoration Sub-Charge made pursuant to Section 4.14, the Recycled Water and Local Supply Sub-Charge made pursuant to Section 4.15, and Water Conservation Sub-Charge made pursuant to Section 4.16 (see “SONOMA WATER AND THE WATER TRANSMISSION SYSTEM – Water Supply Agreements”).

Maintenance and Operation Costs. The Ordinance defines “**Maintenance and Operation Costs**,” when used with respect to the Water Transmission System, as the reasonable and necessary costs of and charges for maintenance and operation of the Water Transmission System, but only if those 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 all

interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of Sonoma Water.

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

The term "Maintenance and Operation Costs" does *not* include costs, or charges made therefor, for capital additions, replacements, betterments, extensions or improvements to or retirements from the Water 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 Sonoma Water, or such property items which are capitalized pursuant to the then existing accounting practice of Sonoma Water.

Limited Obligation. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF SONOMA WATER IS PLEDGED TO THE PAYMENT OF THE 2022 BONDS OR INTEREST THEREON. THE 2022 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, OR LIEN, OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF SONOMA WATER OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE NET REVENUES OF THE WATER TRANSMISSION SYSTEM AND THE AMOUNTS ON DEPOSIT UNDER THE ORDINANCE TO THE EXTENT PROVIDED IN THE ORDINANCE.

Allocation of Revenues

Under the Ordinance, all Gross Revenues are held in trust by the Treasurer in the Agency Fund and will be applied, transferred, used and withdrawn only for the following purposes:

(1) *Maintenance and Operation Costs.* The Treasurer will 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) *Parity Debt Service Fund.* On or before the second Business Day prior to each Interest Payment Date, beginning as provided in the Supplemental Ordinance issuing the Parity Obligations, the Treasurer will transfer from the Agency Fund to the Trustee for deposit in the Debt Service Fund:

(i) an amount equal to the aggregate amount of interest to become due and payable on all Outstanding Parity Obligations 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 the Parity Obligations, an amount equal to the aggregate amount of Principal Installments becoming due and payable on all Outstanding Parity Obligations on the next succeeding Principal Installment Date.

All interest earnings and profits or losses on the investment of amounts in the Debt Service Fund will 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 Parity Obligations.

(3) *Parity Reserve Account.* After making the payments, allocations and transfers provided for in subsections (1) and (2) above, if the Supplemental Ordinance for Parity Obligations requires a Reserve Account, then if the balance in the Reserve Account is less than the Reserve Requirement, the deficiency will 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 the section of the Ordinance governing method and frequency of valuation of amount in the funds held under the Ordinance. Sonoma Water will first apply available monies to reinstate any 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 will 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, allocations, 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 the Bonds, the Treasurer will 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 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 the Bonds, an amount equal to the aggregate amount of Principal 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 will 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 requires a Subordinate Reserve Account, then if the balance in the Subordinate Reserve Account is less than the Subordinate Reserve Requirement, the deficiency will 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 the section of the Ordinance governing method and frequency of valuation of amount in the funds held under the Ordinance.

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

Debt Service Fund

Interest. The Trustee will 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 cause those funds to be applied to the payment of interest when due.

Principal. The Trustee will 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 that Principal Installment Date, and cause those funds to be applied to the payment of the principal of those Bonds when due.

No Debt Service Reserve Fund

The 2022 Bonds will not be secured by a debt service reserve fund. The 2015A Bonds are secured by amounts on deposit in a subaccount of the Reserve Account held by the Trustee under the Ordinance. Amounts on deposit in such subaccount are not available to pay debt service on the 2022 Bonds or any other obligations of Sonoma Water.

Rate Covenants

Sum Sufficient. Sonoma Water covenants in the Ordinance to fix, prescribe, revise and collect charges for the Water 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 Water Transmission System estimated by Sonoma Water to become due and payable in such Fiscal Year;
- (ii) the Debt Service on the Bonds and the Parity Obligations;
- (iii) all other payments required for compliance with the Ordinance and the Parity Obligation Instruments pursuant to which any Parity Obligations relating to the Water Transmission System are issued;
- (iv) the Debt Service on the Subordinate Obligations;
- (v) any other payments required for compliance pursuant to the Subordinate Obligation Instruments relating to the Water Transmission System; and

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

Coverage Test. Sonoma Water also covenants in the Ordinance to fix, prescribe, revise, and collect rates and charges for the Water Transmission System during each Fiscal Year that are sufficient to yield Net Revenues equal to at least 115% of the Debt Service on the Bonds and any Parity Obligations in such Fiscal Year.

Existing Parity Obligations

The debt service on the 2022 Bonds will be payable from and secured by a pledge of and lien upon Net Revenues and certain funds and accounts set forth in the Ordinance on a parity with the following outstanding obligations of Sonoma Water:

- State Revolving Fund Loan, which is outstanding in the principal amount of \$6,144,365 as of April 1, 2022 and matures on June 27, 2022;
- 2015A Bonds, which are outstanding in the aggregate principal amount of \$19,495,000 and have a final maturity of July 1, 2040; and
- 2019 Bonds, which are outstanding in the aggregate principal amount of \$10,310,000 and have a final maturity of July 1, 2039.

Future Parity Obligations

Under the Ordinance, Sonoma Water may issue or incur Parity Obligations payable from and secured by a pledge of and lien upon Net Revenues to be derived from the Transmission System, to provide financing for the Transmission System, on a parity with 2015A Bonds, the 2019 Bonds, the 2022 Bonds and the State Revolving Fund Loan, subject to the following conditions precedent:

(i) Sonoma Water is in compliance with all covenants set forth in the Ordinance.

(ii) The Net Revenues of the Water Transmission System for the latest Fiscal Year or any more recent 12-month period selected by Sonoma Water ending not more than 60 days prior to the adoption of the Parity Obligations Instrument under which such Parity Obligations are issued plus, at the option of Sonoma Water, any or all of the items designated (i), (ii), and (iii) below, are at least equal to 115% of Maximum Annual Debt Service, with Maximum Annual Debt Service calculated on all Parity Obligations to be Outstanding immediately subsequent to the issuance of such Parity Obligations which have a lien on Net Revenues of the Water Transmission System. The items that may be added to Net Revenues for the purpose of issuing or incurring Parity Obligations are the following:

(A) An allowance for Net Revenues from Capital Charges relating to the Water Transmission System assessed by Sonoma Water during any part of such Fiscal Year or such 12-month period.

(B) An allowance for earnings arising from any increase in the Maintenance and Operation Charges relating to the Water Transmission System which has become effective prior to the incurring of such additional indebtedness but which, during all or any part of such Fiscal Year or such 12-month period, 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 Fiscal Year or such 12-month period, all as shown in the written report of an Independent Consultant engaged by Sonoma Water.

(C) An allowance from any increase in Capital Charges, Maintenance and Operation Charges or other Charges assessed by Sonoma Water and relating to the Water Transmission System under any Agreement or other contract between Sonoma Water and any Water Contractor during any part of such Fiscal Year of such 12-month period.

The Parity Obligations Instrument providing for the issuance of such Parity Obligations under the Ordinance must provide that:

(i) The proceeds of such Parity Obligations will be applied to the acquisition, construction, improvement, financing or refinancing of additional facilities, improvements or extensions of existing facilities within the Water Transmission System, or otherwise for facilities, improvements or property which Sonoma Water determines are of benefit to the Water Transmission System, or for the purpose of refunding any 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 Sonoma Water deems necessary or advisable) relating thereto.

(ii) Money or a Qualified Surety Bond as authorized by the Ordinance may, but need not, be deposited in a Reserve Account for such Parity Obligations from the proceeds of the sale of such Parity Obligations or otherwise equal to the Reserve Requirement; provided however, the Reserve Account will only secure the Series of Parity Obligations in the related Parity Obligations Instrument.

Subordinate Obligations

Nothing in the Master Ordinance prohibits or impairs the authority of Sonoma Water to issue Subordinate Obligations payable from and secured by a pledge of and lien upon Net Revenues which are subordinate to the lien established under the Master Ordinance, upon such terms and in such principal amounts as Sonoma Water may determine.

Eminent Domain Proceeds

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

(i) Sonoma Water first secures and files with the Trustee a Certificate of Sonoma Water showing (i) the estimated loss in annual Net Revenues, if any, suffered, or to be suffered, by Sonoma Water by reason of such eminent domain proceedings, (ii) a general

description of the Improvements to the Water Transmission System then proposed to be acquired or constructed by Sonoma Water from such Net Proceeds, and (iii) an estimate of the additional Net Revenues to be derived from such Improvements; and

(ii) the Trustee, on the basis of such Certificate of Sonoma Water, determines that such additional Net Revenues will sufficiently offset the loss of Net Revenues, resulting from such eminent domain proceedings so impaired, which determination will be final and conclusive.

If these conditions are met, Sonoma Water will then promptly proceed with the acquisition or construction or financing of such Improvements substantially in accordance with such Certificate of Sonoma Water, and payments for those Improvements will be made by the Trustee from such Net Proceeds and from other moneys of Sonoma Water lawfully available therefore. Any balance of such net Proceeds not required by Sonoma Water for these purposes will be deposited in the Agency Fund.

If these conditions are not met, then such Net Proceeds will be applied by the Trustee pro rata to the redemption or purchase of the Bonds of each Series then Outstanding 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 will be held in trust by the Trustee and applied to the payment of the Bonds of such Series as they become due by their terms, and, pending such application, such remaining moneys may be invested by the Trustee in the manner provided in the Ordinance for the investment of moneys in the Reserve Account.

Casualty Insurance

Covenant to Maintain. Sonoma Water has covenanted in the Ordinance that it will at all times maintain such insurance on the Water 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.

Insurance Proceeds. If any useful part of the Water Transmission System is damaged or destroyed, such part will be restored to use. The Net Proceeds of insurance against accident to or destruction of the physical Transmission System will be used for repairing or rebuilding the damaged or destroyed portions of the Water Transmission System (to the extent that such repair or rebuilding is determined by Sonoma Water to be useful or of continuing value to the Water Transmission System), and to the extent not so applied, will be applied to the redemption of the Outstanding Bonds issued on a pro rata basis, and for such purpose will be paid into the Redemption Account.

[INSERT SYSTEM MAP]

SONOMA WATER AND THE WATER TRANSMISSION SYSTEM

Background and History

Sonoma Water was created as a special district in 1949 by the California Legislature to act as the local sponsor for federal flood protection and water supply projects known collectively as the Russian River Project. Sonoma Water is a wholesale water supplier to nine cities and water districts that serve more than 600,000 residents in portions of Sonoma and Marin counties.

Sonoma Water manages and operates the Russian River water supply system conjunctively with the U.S. Army Corps of Engineers. It also manages eight sanitation districts and zones in Sonoma County, and engages in flood control operations in certain areas of Sonoma County. Sonoma Water's sanitation and flood control operations are funded separately and independently from its water supply operations.

For economic and demographic information regarding Sonoma Water's service area, see "APPENDIX D – GENERAL INFORMATION REGARDING SONOMA COUNTY AND MARIN COUNTY."

Management and Operation

Governance. Under Sonoma Water's enabling act, the Board of Supervisors of the County of Sonoma is, ex officio, the Board of Directors of Sonoma Water. The County Administrator, County Clerk, County Assessor, County Treasurer-Tax Collector, County Auditor-Controller, County Counsel, and County Purchasing Agent are, unless otherwise provided by the Board, ex officio such officers of Sonoma Water.

Officers and Key Staff. The General Manager, who serves at the pleasure of the Board, administers Sonoma Water, and plans, organizes, directs and controls all activities and functions of Sonoma Water, subject to the determination of policy by the Board. Brief biographies of the General Manager, and other officers of Sonoma Water, are set forth below.

Grant Davis, General Manager. Prior to joining Sonoma Water in 2007, Mr. Davis was Executive Director of The Bay Institute, a science-based nonprofit, dedicated to protecting the San Francisco Bay-Delta Watershed and improving water management in California. Mr. Davis also worked for Congresswoman Lynn Woolsey from 1993-1997. Davis covered energy and water-related legislation. He was also an aide to State Senator Milton Marks of San Francisco and to Assemblywoman Lucy Killea of San Diego. Davis also operated a successful small business, specializing in strategic planning, public relations and campaign management.

Mr. Davis has served as Director of the California Department of Water Resources under Governor Brown. He is past President of WaterReuse, California and is currently a member of the University of California's President's Advisory Commission, for the Division of Agriculture and Natural Resources. Mr. Davis also serves as a member of the Integrated Climate Adaptation and Resiliency Program Technical Advisory Committee for the Governor's Office of Planning and Research. Mr. Davis received his BA in political science from the University of California at Berkeley.

James Jasperse, Chief Engineer and Director of Groundwater Management. Mr. Jasperse is a Registered Professional Engineer in the State of California and has been with Sonoma Water since 1998. Prior to joining Sonoma Water, he worked as an environmental

engineering consultant specializing in groundwater characterization and design of remediation systems. Mr. Jasperse received a Bachelor of Science degree in geology from the University of California at Davis and master's degree in civil engineering from the University of California at Berkeley. He is an author of published articles on topics such as surface water-groundwater interactions, natural filtration processes, riverbank filtration, and integrated water resource management. Mr. Jasperse is an active member of the Groundwater Resources Association of California and the Association of California Water Agencies Groundwater Committee.

Pamela Jeane, Assistant General Manager - Water and Wastewater Operations. Ms. Jeane is responsible for the continuous operation and permitting of Sonoma Water's potable water and sanitation facilities. She completed her bachelor's degree in civil engineering at California State University at Chico. Upon graduation, Ms. Jeane worked overseas for two years. She has been with Sonoma Water since 1991 and is a registered civil engineer in the State.

Brad Sherwood, Assistant General Manager. Mr. Sherwood is an Assistant General Manager overseeing the administration services and community/government affairs divisions. In his role, Mr. Sherwood is responsible for developing and implementing Sonoma Water's strategic funding and public policy strategies. Since joining Sonoma Water in 2006, he has helped build a reputable division that strives on being a source of reliable information to members of the public, media and legislative leaders. Mr. Sherwood is a member of the Leadership Santa Rosa and Sonoma County Higher leadership institutes. He graduated with a masters in political management from the George Washington University in Washington, D.C. and received an undergraduate degree in government and journalism from California State University, Sacramento. He also serves as a trustee for the Mark West Union School District and is an active block captain helping to rebuild his community since the 2017 Tubbs Fire.

Michael Thompson, Assistant General Manager - Maintenance Division. Mr. Thompson manages the maintenance of Sonoma Water's water supply and transmission system, flood protection channels, and wastewater collection and treatment systems. Mr. Thompson, a registered civil engineer, has been with Sonoma Water since 1995. He received a bachelor's degree in civil engineering from Cal Poly, San Luis Obispo, and master's degrees in civil engineering and administration from the University of California at Davis.

Lynne Rosselli, Division Manager - Administrative Services. Ms. Rosselli is responsible for planning, coordinating, and administering the administrative, financial, and business operations of Sonoma Water. Ms. Rosselli received a bachelor's of arts degree in Chemistry from Bowdoin College, and a Master of Environmental Engineering and Science from Stanford University. She has over 13 years' of experience in the management of Public Sector finance.

Public Health Emergency – COVID-19

General. The spread of the novel strains of coronavirus that causes the disease known as COVID-19 (“**COVID-19**”) and local, state and federal actions in response to COVID-19, have impacted the operations and finances of Sonoma Water. On February 11, 2020, the World Health Organization (“**WHO**”) announced the official name for the outbreak of COVID-19, an upper respiratory tract illness. COVID-19 has since spread across the globe. The COVID-19 pandemic has had an adverse effect on, among other things, the world economy, global supply chain, international travel and a number of travel-related industries. The temporary and permanent business closures caused by the COVID-19 pandemic have led to an increase in unemployment across the nation.

In addition, domestic and international stock markets experienced declines in market value following the onset of the COVID-19 pandemic. Although rebounds in the global financial markets have since occurred, price volatility remains.

With widespread vaccination currently underway worldwide, most of the domestic governmental imposed “stay-at-home” orders and restrictions on operations of schools and business implemented to respond and control the outbreak have been eased. On June 15, 2021, California fully reopened its economy ending capacity limits, physical distancing and certain mask requirements for individuals who are fully vaccinated in accordance with guidance from the Centers for Disease Control and Prevention.

In response to the COVID-19 pandemic, the Board of Supervisors proclaimed a local emergency for the Sonoma County Operational Area, which includes Sonoma Water’s service area, in March 2020. The Water Transmission System is deemed federally designated critical infrastructure, entitled to exemptions under governmental “stay-at-home” orders as needed to maintain continuity of operations. Sonoma Water personnel necessary for the operation and delivery of water within Sonoma Water’s service area have remained onsite. Sonoma Water did modify its operations to implement remote work opportunities for certain employees performing administrative functions and provide services online and cancelled in-person programs and events. Sonoma Water has worked to provide its employees with personal protective equipment and voluntary access to screening and vaccinations. Meetings of the Board occurred via Zoom teleconference, and public comment and participation for Board meetings was also conducted via teleconference and electronic means. Sonoma Water has maintained continuity of service throughout the COVID-19 pandemic, without any impact or pandemic related interruptions to water services. However, there can be no assurance that absences of employees or Sonoma Water leadership due to COVID-19 will not adversely impact the operations of Sonoma Water in the future.

With improvements in local COVID-19 case rates, Sonoma Water began phasing in the resumption of normal in-person staff operations and activities in 2021, while complying with public health orders and California Occupational Safety and Health Administration COVID-19 Prevention Plan mandates. Sonoma Water does not believe COVID-19 presents a threat to Sonoma Water’s water supplies. To date the operations of Sonoma Water have delivered ongoing water services to the Water Customers that meet or exceed all local, state, and federal standards for safety, quality, and environmental protection.

The COVID-19 pandemic is ongoing, and the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of Sonoma Water is unknown. Sonoma Water reports that Net Revenues for Fiscal Years 2019-20 and 2020-21 were not materially affected by the COVID-19 pandemic. The Water Customers consist of municipalities or public water districts that distribute water to their retail customers in Sonoma and Marin Counties with service areas that are primarily residential, which partially mitigates the effect of any reduced water usage by non-residential users within the service areas of the Water Customers.

Sonoma Water continues to actively monitor usage, payment delinquencies, revenues and expenditures so that any further impacts of the COVID-19 pandemic can be anticipated. Sonoma Water does not currently expect that the COVID-19 pandemic will have a material adverse effect on its ability to pay debt service on the Bonds when due.

Employees

As of June 30, 2021, Sonoma Water had a staff of 243 permanent employees, of which 184 employees are represented by one of three labor organizations, depending on job classification, as further described below. No formal bargaining unit represents the 53 management positions, 1 Department Head, 4 unrepresented positions and 1 confidential position.

Organization	Number of Employees Represented	Contract Expiration Date
Service Employees International Union, Local 707	102	2/28/23
International Union of Operating Engineers, Stationary Engineers, Local 39	58	7/1/23
Western Council of Engineers	24	6/1/23

Source: Sonoma Water.

Water Transmission System Overview

General. Sonoma Water diverts water from the Russian River and delivers it to Sonoma Water's customers through the Water Transmission System. The regional location map located in the front of this Official Statement shows the location of Sonoma Water's water supply reservoirs and Water Transmission System facilities.

Production. Sonoma Water's diversion facilities use collector wells to extract underflow of the Russian River. Diversions are reported annually under Sonoma Water's surface water rights. Sonoma Water operates six radial collector wells at the Wohler and Mirabel production facilities adjacent to the Russian River.

The first two collector wells (Collectors 1 and 2) were constructed in the late 1950s in the vicinity of Wohler Bridge. Between 1975 and 1983, Collectors 3, 4, and 5 were constructed near Mirabel Park. Collector 6, located in the Wohler area, was completed in 2006.

A typical collector well consists of a 13-foot diameter to 18-foot diameter concrete caisson penetrating vertically down to approximately 80 feet below the surface of the natural streambed. Horizontal perforated intake laterals extend radially from the bottom of each caisson into the aquifer. Each collector well houses two vertical turbine pumps driven by electrical motors.

Sonoma Water also operates the Russian River Well Field consisting of seven vertical wells located in the Mirabel area. These wells are currently not operated as primary production facilities but are maintained for standby production and may be used as primary production facilities as needed.

To increase production capacity during peak demand months, Sonoma Water raises an inflatable dam on the Russian River near Mirabel that allows for pump operations to fill four infiltration ponds at Mirabel to increase infiltration along the Russian River. The infiltration ponds recharge the aquifer in the vicinity of Collectors 3, 4, and 5 to improve production capacities. Additionally, backwater conditions along the river result in increased infiltration that extends upstream to the Wohler area, which enhances the production capacities of Collectors 1, 2, and 6.

Transmission. The Water Transmission System begins at Sonoma Water's Russian River diversion facilities located near Forestville with large-diameter pipelines (36-48 inches diameter) that extend out to the Santa Rosa, Petaluma, and Sonoma valleys. The Water Transmission System consists of approximately 90 miles of pipelines that range in diameter from 16 to 54 inches, six booster pump stations, and 18 storage tanks with a combined storage capacity of 130 million gallons. The major pipelines that comprise the system are: the Santa Rosa Aqueduct (built in 1959), the Sonoma Aqueduct (built in 1963), the Petaluma Aqueduct (built in 1962), and the Cotati Intertie (built in 1977).

In addition, Sonoma Water owns the northern portion of the North Marin Aqueduct that extends from the terminus of the Petaluma Aqueduct to the former Kastania Booster Station, located near the border of Marin County with Sonoma County. The remainder of the North Marin Aqueduct is owned and maintained by the North Marin Water District, which delivers the water to its service area and transfers water farther south to MMWD.

Sonoma Water's major water storage facilities are located at Ralphine (36 million gallons), Cotati (36 million gallons), Kawana Springs (21 million gallons), Kastania (12 million gallons), Sonoma (10 million gallons), Eldridge (8.0 million gallons), and Annadel (5.5 million gallons).

Water Supply Sources and Water Rights

Water Supply Agreements. Sonoma Water provides water through the Water Transmission System on a wholesale basis to the Water Customers. Sonoma Water supplies water to the Water Customers, and derives the majority of the Gross Revenues of the Water Transmission System, primarily under the following agreements:

- Restructured Agreement for Water Supply (the "**Restructured Water Supply Agreement**"), executed in 2006 by Sonoma Water and the Cities of Santa Rosa, Rohnert Park, Petaluma, Sonoma, and Cotati, and the Valley of the Moon Water District, the Town of Windsor, and the North Marin Water District (the "**Water Contractors**"), which terminates on June 30, 2040, or until all "Revenue Bond Obligations" (as defined therein) are paid; and
- Fourth Amended Offpeak Water Supply Agreement (the "**MMWD Offpeak Agreement**") dated as of July 1, 2015, between Sonoma Water and MMWD, and Second Amended Agreement for the Sale of Water (the "**MMWD Amended Agreement**") dated as of July 1, 2015, between Sonoma Water and MMWD (each as amended and extended from time to time, the "**MMWD Water Supply Agreements**"), which terminates on June 30, 2025, and is renewable at the option of MMWD.

See "– Water Supply Agreements."

Water Rights. Sonoma Water holds four water rights permits for water supply issued by the State Water Resources Control Board. Under these permits, Sonoma Water is authorized to store up to 122,500 acre-feet per year ("**AFY**") of water in Lake Mendocino and up to 245,000 AFY of water in Lake Sonoma, and to divert or red divert up to 180 cubic feet per second ("**cfs**") of water from the Russian River with a limit of 75,000 AFY.

The permits also establish minimum instream flow requirements for fish and wildlife protection and recreation. These minimum instream flow requirements vary based on the hydrologic classifications of *Normal*, *Dry* and *Critical* water supply conditions as defined in

Sonoma Water's water rights permits and by Decision 1610, adopted by the State Water Resources Control Board in 1986 ("**Decision 1610**"). Sonoma Water meets the various instream flow requirements set by Decision 1610 by making storage releases at Coyote Valley Dam (Lake Mendocino) and Warm Springs Dam (Lake Sonoma).

Limitations on Water Rights. Sonoma Water's water rights are subject to four primary limitations:

- (1) riparian rights,
- (2) the rights of pre-1949 appropriators to the natural flow of the Russian River (as augmented by diversions from the Eel River by PG&E's Potter Valley Project),
- (3) all current or future appropriative rights of users located upstream of Lake Mendocino, and
- (4) exports of water by Sonoma Water outside of the Russian River Valley ("**RRV**") are limited by fulfillment of the rights to reservations of Lake Mendocino water in the amounts of 8,000 AFY for use in portions of Mendocino County (which is a co-equal right with Sonoma Water for uses in the RRV) and 10,000 AFY for use in the Russian River basin in Sonoma County (which is a junior right to Sonoma Water for uses in the RRV).

Pending Applications Relating to Water Rights. Sonoma Water has filed petitions and applications with the State Water Resources Control Board to change certain terms in its water rights permits. In addition to changes in minimum instream flow requirements described below (see "CERTAIN LEGAL AND REGULATORY MATTERS – Petition to Change Minimum Instream Flows in Russian River and Dry Creek"), Sonoma Water is also proposing changes to the "hydrologic index" used to determine the water-year type for purposes of setting minimum instream flows, requesting a time extension for putting the annual limit of 75,000 AFY to beneficial use, as well as minor technical changes to permit terms. The State Water Resources Control Board will consider these changes after Sonoma Water has certified an Environmental Impact Report for the changes. Sonoma Water does not anticipate that these proposed changes, if adopted by the State Water Resources Control Board, will impair the ability of Sonoma Water to supply water to its customers.

Drought and Response

State Orders. On January 17, 2014, the Governor declared a drought state of emergency (the "**Declaration**") with immediate effect. The Declaration included an order encouraging local urban water suppliers, including Sonoma Water, to implement their local water shortage contingency plans; Sonoma Water's plan is discussed under the subcaption "*— Sonoma Water's Response.*" On April 7, 2017, after significant improvement in water supply conditions across California, the Governor issued Executive Order B-40-17, which rescinded mandatory conservation measures for most California counties.

In 2018, the California Governor signed Senate Bill 606 and Assembly Bill 1668 into law. These bills relate to water conservation and drought planning and empower DWR and the State of California Water Resources Control Board to adopt long-term standards for the following: (i) indoor residential water use; (ii) outdoor residential water use; (iii) commercial, industrial and institutional water use for landscape irrigation; and (iv) water loss. The indoor water use standard has been defined as 55 gallons per person per day ("**GPCD**") until January 2025; the standard

will decrease over time to 50 GPCD in January 2030. Standards for outdoor residential water use and commercial, industrial and institutional water use for landscape irrigation are still being developed. Urban water suppliers will be required to stay within annual water budgets, based on these standards, for their service areas.

Sonoma Water is unable to predict the effect on the Water Transmission System of the implementation of Senate Bill 606 and Assembly Bill 1668 or any future legislation with respect to water conservation.

On October 19, 2021, the Governor declared a Statewide drought state of emergency and requested that all water users voluntarily reduce water use by 15%. The declaration encouraged water agencies to draw upon supplies other than groundwater and to implement their water shortage contingency plans and authorized the State Water Resources Control Board to adopt regulations that prohibit wasteful water use (such as the use of potable water to wash paved surfaces or to irrigate landscaping during the two days following rainfall). There can be no assurance that subsequent declarations will not impose mandatory water use restrictions should dry conditions persist in 2022 or future years.

Sonoma Water's Response. In 2021, the Board adopted Sonoma Water's Water Shortage Contingency Plan (the "**Water Shortage Contingency Plan**") as of part of the 2020 Urban Water Management Plan. The Water Shortage Contingency Plan meets State guidelines for water shortage contingency plans and calls for Sonoma Water to respond to a water shortage in stages. As a water wholesaler, Sonoma Water does not have the ability to monitor end uses or impose restrictions directly on end users in the event of a water shortage; such actions must be taken by Sonoma Water's customers. Accordingly, Water Shortage Contingency Plan is limited to those actions that Sonoma Water can take vis-a-vis its wholesale customers in the event of a water shortage.

Sonoma Water routinely meets and coordinates with the Water Contractors through the Technical Advisory Committee ("**Technical Advisory Committee**"), which is comprised of staff of the Water Contractors, and the Water Advisory Committee ("**Water Advisory Committee**"). The Water Advisory Committee is composed of one representative selected by each of the Water Contractors, and serves as the collective spokesperson for the Water Contractors.

Under the Water Shortage Contingency Plan, Sonoma Water will prepare an annual assessment of water supply reliability in December of each year, prior to each January as required under Decision 1610 for setting instream flow requirements. Decision 1610 also requires an assessment of the water year classification and instream flow requirements at the beginning of each subsequent month until June 1, when it is set for the remainder of the year. Consequently, Sonoma Water staff will continue to monitor water supply conditions (reservoir levels, stream/river flows, soil moisture, precipitation, etc.) throughout this time period to ensure its assessment of water supply conditions are consistent with watershed hydrologic conditions and reservoir storage levels. The final annual assessment will include the actual supply conditions up to May. If a water shortage is forecast for the subsequent calendar year, the monitoring of water supply conditions would be conducted during the September to December period of the current calendar year.

To develop the demand portion of the annual assessment, the projections of water demand to be supplied by Sonoma Water for the calendar year and subsequent calendar year will be developed and provided by all of Sonoma Water's customers by February 1. Sonoma Water staff will use the most recent demand data to develop demand projections for those customers that do not provide projections. The annual assessment will consider all demands on

Sonoma Water's system to establish the supply available for Sonoma Water's customers that must complete and submit their own annual assessments to DWR.

Sonoma Water will present and submit the annual assessment following the steps described below.

1. Present draft annual assessment to Sonoma Water's customers. The draft annual assessment will be presented to the Technical Advisory Committee at the April meeting. The assessment will also be presented to the Sonoma Water's other customers. An initial evaluation will be made regarding the potential for a water shortage condition to occur. If a shortage is forecast for the current calendar year and particularly during the critical months of July to October, the initial implementation of the Water Shortage Contingency Plan will be coordinated with all the customers.

2. Receive review comments. The Water Contractors and MMWD will present their review comments including their updated demands and local supply projections at the May Technical Advisory Committee meeting. Sonoma Water will communicate directly with Sonoma Water's other customers to obtain their review comments.

3. Present final annual assessment to the TAC. The final annual assessment report will be prepared and presented at the June Technical Advisory Committee meeting. The annual assessment may be presented to the Water Advisory Committee. Sonoma Water will coordinate through the Technical Advisory Committee to identify if any water supply gaps exist for each customer when considering both Sonoma Water supplies and local supplies. The assessment will be provided directly to Sonoma Water's other customers.

4. Optional presentation of the annual assessment to the Board of Directors. The annual assessment may be presented to the Board during one of their regularly scheduled meetings, particularly if a shortage is anticipated or if an existing shortage condition is to be ended.

5. Submit annual assessment to DWR. Sonoma Water will submit the annual assessment report to DWR by July 1 of each year.

Sonoma Water has established six standard water shortage levels corresponding to progressive ranges of up to 10, 20, 30, 40, 50 percent shortages and greater than 50 percent which correspond to the reduction in Russian River diversions by Sonoma Water to wholesale customers.

The allocation of Sonoma Water's supplies to customers in the event of a shortage is based on the procedures set forth in the Restructured Water Supply Agreement. In addition, on January 4, 2022, the Board adopted the 2021 update to the 2006 Water Shortage Methodology and Model. In addition, the Board authorized the General Manager to negotiate with the Water Contractors and approve future updates to the 2021 model parameters and input data to keep the model current.

Sonoma Water will regularly perform the annual supply and demand assessment to forecast in advance water shortages. If a water shortage is anticipated, Sonoma Water would implement one or more potential shortage response actions, including, without limitation, demand reduction, supply augmentation, and operational changes. As previously described, as a

wholesale supplier, Sonoma Water has no ability to directly restrict the use of water by end users, or to impose financial penalties on end users for excessive use. However, under the Restructured Water Supply Agreement, Sonoma Water has several methods available to it to ensure that its contractors do not use more than the amount of water allocated by Sonoma Water during a time of shortage.

The projected Water System operating results that are set forth under the caption “HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE – Project Debt Service Coverage” do not reflect the implementation of mandatory levels of the Water Shortage Contingency Plan. Sonoma Water does not currently expect that the implementation of the Water Shortage Contingency Plan in the future will have a material adverse effect on its ability to pay debt service on the Bonds. Sonoma Water has covenanted to set Water Transmission System rates and charges in amounts that it expects to be sufficient to pay the debt service on the Bonds from Net Revenues. See the caption “SECURITY AND SOURCE OF PAYMENT FOR THE 2022 BONDS – Rate Covenants.”

If a water shortage should arise again in the future, legal issues exist as to whether different California Water Code provisions or State regulations will be invoked to manage the allocation of water. Any curtailment pursuant to State orders could necessitate an increase in the water rates to Water System customers. See “RISK FACTORS – Proposition 218” for a discussion of certain restrictions on the ability of Water Customers to raise their water rates. See also “RISK FACTORS – Threat to Water Supply” for information about conditions that could adversely impact the availability of water to Sonoma Water.

Projected Water Supply

Urban Water Management Plan. Sonoma Water’s service area is not fully built-out and, and as a result, it does anticipate increases in demand in the future. Sonoma Water updates its Urban Water Management Plan, as required by the State, every five years to determine if adequate supplies are available to meet projected demands. The 2020 Urban Water Management Plan, filed with the Department of Water Resources by Sonoma Water in June 2021 (the “**2020 Urban Water Management Plan**”) is the most recent Urban Water Management Plan. It includes a detailed review of system water use, a review of land use in cities within Sonoma Water’s service area, anticipated water supplies, and related considerations, including system losses.

Most of Sonoma Water’s customers prepare their own urban water management plans that provide further detail on water demand projections, conservation savings, recycled water use, and local water supplies. Sonoma Water developed population and water demand projections for smaller customers (who are not required to prepare their own urban water management plan) using historical demand data, deliveries to each customer, available population growth projections, and assumed available local supply projections. The water demand projections included in the 2020 Urban Water Management Plan consider impacts of climate change, water conservation savings, and water losses. Total demand for Sonoma Water supply was 52,793 acre-feet in 2020 and is projected to be approximately 74,500 acre-feet by 2045. Sonoma Water’s average year water supply is 65,020 acre-feet (since the 2002 water year).

The 2020 Urban Water Management Plan states that an analysis of projected water supply and demand data shows that Sonoma Water has adequate water supply to meet demands through 2045 under most conditions, including under the five-year drought risk assessment. In single dry years, which are modeled using the driest year on record (1977), model simulations

predict supply shortages beginning in 2030. In these circumstances, Sonoma Water will work with its customers to reduce water demands and/or utilize additional local sources, as described in the 2020 Water Shortage Conservation Plan. Based on efforts over the last five years during dry conditions, Sonoma Water does not anticipate any difficulty in maintaining an adequate water supply during the single-dry year. The magnitude of these single-dry year potential shortfalls is estimated to be about 19 percent of average annual demand by 2045.

The following table shows the estimated total available supply in the three hydrological periods and the estimated demands as projected in the 2020 Urban Water Management Plan.

Table 1
Estimated Water Supply and
Transmission System Demand
(acre-feet^[1] per year)

	2025	2030	2035	2040	2045
Normal Water Year Supply	65,020	69,177	70,725	72,588	74,547
Single Dry Year Water Supply	65,020	58,168	58,897	59,789	60,656
Multiple Dry Year Water Supply	65,020	69,177	70,725	72,588	74,547
Total Transmission System Demand	65,020	69,177	70,725	72,588	74,547

[1] One acre-foot is a volume of water that will cover an acre to a depth of one foot, and equals 43,560 cubic feet, or approximately 325,851 gallons.

Source: 2020 Urban Water Management Plan.

Water Supply Strategies Action Plan. The Board adopted the current Water Supply Strategies Action Plan (“Water Supply Strategies Action Plan”) in 2018. The Water Supply Strategies Action Plan is a regional planning document intended to increase water supply system reliability, resiliency and efficiency in the face of limited resources, regulatory constraints and climate change uncertainties within Sonoma Water’s service area. In particular, the Water Supply Strategies Action Plan identifies the following seven strategies: (1) protect drinking water supply and promote water-use efficiency; (2) maintain and improve the reliability of the Water Transmission System; (3) utilize regional planning to increase water supply resiliency; (4) respond and adopt to climate change; (5) improve the energy efficiency of the Water Transmission System and increase renewable power use; (6) increase emergency preparation and improve response to natural disasters; and (7) seek Federal and State funding.

The Water Supply Strategies Action Plan also identifies three levels of activity: (i) immediate action (ongoing or to be initiated within the year following the date of the Water Supply Strategies Action Plan); (ii) near term activity (to be initiated within one to three years following the date of the Water Supply Strategies Action Plan); and (iii) long-term activity (no defined start; likely longer than three years following the date of the Water Supply Strategies Action Plan). During Fiscal Year 2020-21, Sonoma Water completed project scoping and planning, but also pivoted to launch an expedited analysis of actions to alleviate water shortage conditions in response to the deepening drought. Sonoma Water staff worked on developing and prioritizing drought adaptation strategies and projects and simulating drought scenarios to evaluate the impact on water supply reliability. The results of the expedited analysis are expected to be made available in Fiscal Year 2021-22.

Water Quality

Applicable Regulatory Standards. Public water systems in California, including Sonoma Water and the Water Customers, must meet health protective drinking water standards promulgated by the California State Water Resources Control Board Division of Drinking Water (“DDW”). Sonoma Water operates a public drinking water system under a permit from DDW, and is in compliance with the terms of that permit.

Water Quality. The alluvial aquifer under and next to the Russian River from which Sonoma Water extracts water acts as a filter, producing water that meets and exceeds public drinking water system standards. The filtration process, referred to as natural filtration, consists of physical, biological, and chemical mechanisms that work together to purify water as it travels through the alluvial aquifer. The natural filtration process allows Sonoma Water to divert and transmit water without subjecting it to the treatment processes that would be required for diversions of surface water.

Water Quality Testing. Sonoma Water has conducted or commissioned numerous tests and studies on the quality of the water produced by the Water Transmission System over the past 40 years. These tests and studies, which have consistently shown that the water supplied by the Water Transmission System meets all health protective drinking water standards and permit requirements, include the following:

- The Russian River Demonstration Project, completed in 1993 (which evaluated the effectiveness of the aquifer’s natural filtration compared with a water treatment plant);
- The Russian River Caisson 5 Water Quality Evaluation, completed in 1998;
- Testing pursuant to the U.S. EPA’s Information Collection Rule (July 1997 – Dec. 1998, providing EPA with information regarding microbial contaminants and disinfection by-products);
- Testing required by the U.S. EPA’s Unregulated Contaminant Monitoring Regulation (2001-2003, requiring the collection of data for contaminants suspected to be present in drinking water, but that do not have health-based standards set under the Safe Drinking Water Act);
- Drinking Water Source Assessment, submitted to DDW in 2007;
- Annual reports to DDW on the quality of water produced by the Water Transmission System;
- Measurements of the thickness of the alluvial aquifer over time (showing the thickness as remaining stable); and
- The Russian River Collector Multi-Year Operational Analysis, submitted to DDW in 2013 (which evaluated various water quality parameters, comparing data collected in previous projects to data collected in a recent seven-year period to determine if there was a change in water quality).

PFAS. In 2019, the State of California Water Resources Board's Division of Drinking Water (the "**Division**") lowered the Notification Levels (the "**NLs**") for Perfluorooctanoic acid ("**PFOA**") and Perfluorooctanesulfonic acid ("**PFOS**") to 5.1 and 6.5 parts per trillion ("**PPT**"), respectively. NLs are non-regulatory, precautionary health-based measures for concentrations of chemicals in drinking water that warrant notification and further monitoring and assessment. In 2020, the Division lowered the Response Level (the "**RL**") for PFOA and PFOS from 70 PPT, combined, to 10 and 40 PPT, respectively. RLs are non-regulatory, precautionary health-based measures that are set at higher levels than NLs and represent thresholds at which the Division recommends that water systems remove a water source from use or treat it.

PFOA and PFOS are fluorinated organic chemicals which are part of a family of synthetic compounds referred to as per- and polyfluoroalkyl substances ("**PFAS**"). PFAS are water and lipid resistant substances that were previously used in a variety of manufacturing processes and industrial applications. They are often present in water supplies which are impacted by wastewater treatment plant effluent or active or former military installations. Sonoma Water understands that recent technological advances have enabled water agencies to detect PFAS compounds at very low concentrations. Sonoma Water has monitored PFOS/PFAS for the last four (2018 – 2021) years and has confirmed that its water supply is safe to drink. Water samples were analyzed and reanalyzed as necessary for PFOA and PFOS. All results were submitted to DDW. At this time no further monitoring is required by the State.

Sonoma Water does not anticipate that implementation of the lowered PFAS RL by the Division will have a material adverse effect on the operation of the Water Transmission System or the costs thereof. The projected operating results which are set forth under the caption "HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE – Projected Debt Service Coverage" do not assume significant increases in water treatment or other Water Transmission System operating costs to meet State regulations relating to PFAS.

Customers

General. Sonoma Water supplies water on a wholesale basis to the Water Customers, which are retail water providers located in Sonoma County and Marin County. As previously described, Sonoma Water supplies water to the Water Customers primarily under the Restructured Water Supply Agreement among Sonoma Water and the Water Contractors and the MMWD Water Supply Agreements between Sonoma Water and MMWD. Sonoma Water also supplies small amounts of water from the Water Transmission System to other entities pursuant to separate agreements. See "– Water Supply Agreements."

Competing Sources of Supply. Of Sonoma Water's Water Customers, only MMWD, the City of Rohnert Park and the North Marin Water District have significant alternative sources of water. All other Water Customers have more modest groundwater resources. The amount of local supply used by all Water Customers combined is highly variable, depending in part upon climatic conditions. When less water is available from Russian River supplies, Water Customers use more groundwater. In the last 15 years, the maximum use of local supply on an annual basis by Water Customers has been approximately 25 mgd as an average annual production. Most of the Water Customers rely on Sonoma Water for a majority of their water supply.

Historical Water Deliveries. The following table shows average deliveries to Water Customers over the past five Fiscal Years, the maximum month average daily delivery limit and annual maximum delivery limits of each customer (which was premised on the construction of

certain additional facilities, as described below), and the agreement under which Sonoma Water supplies water to each Water Customer.

Table 2
Historical Water Deliveries
Fiscal Years 2016-17 through 2020-21

Customer	Average Annual Deliveries (acre-feet)	Maximum Month Average Daily Delivery Limit (mgd) ^[1]	Annual Maximum Delivery Limit (acre-feet)	Agreement
City of Santa Rosa	16,572	56.6	29,100	Restructured Water Supply Agreement
City of Petaluma	7,532	21.8	13,400	Restructured Water Supply Agreement
North Marin Water District	5,582	19.9	14,100	Restructured Water Supply Agreements
Marin Municipal Water District	5,282	12.8 ^[2]	14,300	MMWD Water Supply Agreements ^[3]
City of Rohnert Park	2,509	15.0	7,500	Restructured Water Supply Agreement
Valley of the Moon Water District	1,946	8.5	3,200	Restructured Water Supply Agreement
City of Sonoma	1,754	6.3	3,000	Restructured Water Supply Agreement
City of Cotati	495	3.8	1,520	Restructured Water Supply Agreement
Cal-American Water Co. (Larkfield)	276	1.13 ^[4]	700	Cal American Water Supply Agreement
Forestville Water District	383	1.5 ^[4]	None	Restructured Water Supply Agreement
Penngrove Water Co.	180	0.5 ^[4]	None	Municipal Water service Contract
Town of Windsor	496	1.5 ^[5]	900 ^[6]	Restructured Water Supply Agreement
Other Customers	109	N/A ^[7]	N/A ^[7]	Other water service agreements

[1] Restructured Water Supply Agreement refers to Delivery Limit as Average Daily Rate of Flow During Any Month; mgd = million gallons per day.

[2] Marin Municipal Water District has an average daily and annual delivery limit that is variable under its Supplemental Agreement (Amended Agreement for the Sale of Water between the Sonoma County Water Agency and Marin Municipal Water District) based on the actual deliveries of the previous year or in lieu payments. From May through October, Marin Municipal Water District is limited to 360 acre-feet per month under the Renewal of the Third Amended Offpeak Water Supply Agreement. The values shown in the table are maximum achievable delivery limits under both agreements. Depending on the number of days in the month, the maximum month average daily delivery limit may be either 12.8 mgd or 12.9 mgd.

[3] Renewal of the Third Amended Offpeak Water Supply Agreement and the Amended Agreement for the Sale of Water between the Sonoma County Water Agency and Marin Municipal Water District.

[4] Under the Restructured Water Supply Agreement, the total deliveries to "Other Agency Customers" (as defined therein) cannot exceed an average of 2.7 mgd in any month, which includes 1.5 mgd to Forestville, 0.8 mgd to Cal-American Water Co., and 0.5 mgd to Penngrove. An Amendment to the Cal-American Water Supply Agreement in 2013 increased the average daily limit from 0.8 mgd to 1.13 mgd for a period of 6 years after sufficient system capacity was identified. The Second Amendment to the Cal-American Water Supply Agreement from November 2016 with the same terms has an expiration date of April 2025. See Note 7 for a listing of other customers, which have no individual diversion limits, but are subject to the aggregate 2.7 mgd limit since they are defined as "Other Agency Customers" in the Restructured Water Supply Agreement.

[5] Under the Restructured Water Supply Agreement, the Town of Windsor also may divert 7.2 mgd from the Russian River using its own facilities under Sonoma Water's water rights and the terms of the First Renewal to Agreement for the Sale of Water Among the Sonoma County Water Agency, Windsor Water District and the Town of Windsor.

[6] Town of Windsor's annual maximum delivery limit is 900 acre-feet for water taken from the Water Agency's Santa Rosa Aqueduct. An additional 4,725 acre-feet may be diverted directly by Town of Windsor from the Russian River using its own facilities under Sonoma Water's water rights and the terms of the First Renewal to Agreement for the Sale of Water Among the Sonoma County Water Agency, Windsor Water District and the Town of Windsor.

[7] "Other Customers" as used in the table above means Sonoma Water, the County of Sonoma, Lawndale Mutual Water Company, Kenwood Village Water Company, the State of California, and Santa Rosa Junior College.

Water Supply Agreements

As previously described, Sonoma Water supplies water to the Water Customers primarily under the Restructured Water Supply Agreement among Sonoma Water and the Water Contractors and the MMWD Water Supply Agreements between Sonoma Water and MMWD.

Restructured Water Supply Agreement. The Restructured Water Supply Agreement terminates on June 30, 2040, or until all “Revenue Bond Obligations” (as defined therein) are paid.

Water Deliveries. Under the Restructured Water Supply Agreement, Sonoma Water is authorized to deliver water to the Water Contractors and certain other customers in amounts not greater than the limits set forth in Table 2.

Charges. Sonoma Water’s wholesale water rates are determined by using a calculation outlined under the Restructured Water Supply Agreement, which requires Sonoma Water to set rates based on budgeted operations and maintenance costs and past water sales. Wholesale water rates are calculated by first identifying the funding necessary to operate, maintain, and improve the Water Transmission System and dividing this amount by either the amount of water delivered over the last twelve months or the average annual amount of water delivered over the last three years; whichever is less. Below is a summary of the charges permitted to be assessed by Sonoma Water on the Water Contractors to operate, maintain, and improve Water Transmission System under the Restructured Water Supply Agreement and on which Sonoma Water’s wholesale water rates are based.

- ***Capital Charges.*** Sonoma Water may also assess specific aqueduct revenue bond charges (“**Capital Charges**”) against the Water Contractors to generate revenue sufficient to pay Sonoma Water’s revenue bond obligations with respect to aqueduct facilities. Only those entities benefiting from an aqueduct pay Capital Charges relating to that aqueduct. Similarly, Capital Charges from common facilities revenue bond charges and storage facility revenue bond charges may be assessed against the Water Contractors to generate revenues sufficient to pay Sonoma Water’s revenue bond obligations with respect to common facilities and storage facilities. All Water Contractors pay storage facility charges except North Marin Water District. The respective share of each Water Contractor for the capital cost of each facility to be constructed by Sonoma Water is specified in the Restructured Water Supply Agreement. Under the Restructured Water Supply Agreement, North Marin Water District has the option of paying cash in advance to finance its share of the Capital Charges of facilities.
- ***Maintenance and Operation Charges.*** Sonoma Water may also assess a uniform per acre foot charge paid by all Water Agency customers in an amount sufficient to produce water sale revenue to cover Sonoma Water’s Transmission System Maintenance and Operation Costs, plus a prudent reserve as approved by the Water Advisory Committee (“**Maintenance and Operation Charges**”). The Restructured Water Supply Agreement requires that Sonoma Water set the Maintenance and Operation Charge at an amount sufficient to produce revenues to cover Sonoma Water’s estimate of Maintenance and Operation Costs for the next Fiscal Year, including a reasonable allowance for contingencies, and to accumulate a prudent

reserve as determined by the Water Advisory Committee. The Maintenance and Operation Charge may also be set to produce additional revenues to pay the Capital Charges of common or storage facilities, as determined by the Water Advisory Committee. The Capital Charges for aqueduct, common, and storage facilities must be set by the Board to produce revenues sufficient to meet Sonoma Water's revenue bond obligations with respect to bonds issued to construct such facilities.

The Restructured Water Supply Agreement requires that the Maintenance and Operation Charges and Capital Charges for the ensuing Fiscal Year be established on or before April 30. By February 1 of each year Sonoma Water must submit to the Water Contractors a preliminary budget report for the next Fiscal Year for the Water Transmission System. For purposes of establishing the charges imposed on the Water Contractors in the next Fiscal Year, the Restructured Water Supply Agreement requires that Sonoma Water assume that the quantity of water to be delivered from each aqueduct of the Water Transmission System will be the same amount of water delivered during the 12 months preceding the establishment of rates, or the average annual amount of water delivered during the preceding 36 months, whichever is less. See "WATER TRANSMISSION SYSTEM FINANCIAL INFORMATION – Water Transmission System Budget, Rates and Charges." The Restructured Water Supply Agreement also obligates the Water Contractors to pay charges necessary to meet Sonoma Water's revenue bond obligations notwithstanding any deficiency in the quality or quantity of water to which the Water Contractors would be entitled under the Restructured Water Supply Agreement.

Enforcement; Deficiencies. If one or more Water Contractors fail to pay for water delivered by Sonoma Water, Sonoma Water could suspend water deliveries to the defaulting Water Contractor or to continue to deliver water and seek recovery of charges owed by the contractors through litigation. Any deficiency in the amount of revenues collected by Sonoma Water in a particular year would be offset by Water Transmission System reserve funds. Because the Restructured Water Supply Agreement permits (and the Ordinance requires) Sonoma Water to assess water charges for the next Fiscal Year in an amount necessary to permit Sonoma Water to generate revenues sufficient to meet Sonoma Water's operations and maintenance costs and revenue bond obligations for that year, water charges for the next Fiscal Year would be set to ensure the collection of sufficient revenues from the non-defaulting Water Contractors to meet such costs and obligations. The Restructured Water Supply Agreement expressly provides that it is the intention of the parties to the agreement that the charges assessed by Sonoma Water under agreement "will be sufficient to pay the Revenue Bonds and to meet the Revenue Bond obligations not met from other sources of funds."

MMWD Water Supply Agreements. Sonoma Water's water sales to MMWD are governed by the MMWD Offpeak Agreement and the MMWD Amended Agreement, which are collectively referred to in this Official Statement as the MMWD Water Supply Agreements. The MMWD Water Supply Agreements terminate on June 30, 2025, and are renewable at the option of MMWD. MMWD receives only a portion of its water supply from Sonoma Water as a supplement to its own sources. Sonoma Water's obligation to deliver water is contingent on the capacity of the Water Transmission System. Sonoma Water expects MMWD to exercise its option to renew the MMWD Water Supply Agreements. Terms of the renewal are being discussed.

Water Deliveries. The MMWD Offpeak Agreement authorizes the delivery by Sonoma Water to MMWD of 4,300 AFY at a delivery rate limited to 3.8 mgd from May-September and 8.0 mgd during the "offpeak" period of October-April. The MMWD Amended Agreement authorizes delivery by Sonoma Water to MMWD of an additional 10,000 AFY at a delivery rate limited to 9.0 mgd from May-October but higher during other months.

In order for MMWD to receive water from Sonoma Water at any given time, two conditions must exist: (1) either there must be excess water in the Russian River or Sonoma Water must have an obligation to release stored water when needed by MMWD; and (2) Sonoma Water must have sufficient capacity in the Water Transmission System to move the stored water to the MMWD service area at the times MMWD needs the water.

Under the MMWD Water Supply Agreements, Sonoma Water is currently obligated to deliver up to 14,300 AFY for MMWD. However, MMWD's right to Water Transmission System capacity is subordinate to the rights of the Water Contractors. MMWD cannot insist that the Water Transmission System capacity be used to provide MMWD with water when the Water Transmission System is needed to provide the Water Contractors with their reasonable use. As discussed below, based on the current capacity of the Water Transmission System, Sonoma Water is not able to deliver all of the water that it is authorized to be deliver under existing MMWD Water Supply Agreements and the Restructured Water Supply Agreement during peak demand periods. Deliveries of water to MMWD are limited by the MMWD Water Supply Agreements and the Restructured Water Supply Agreement to 12.8 mgd from May 1 to October 31, and 14,300 acre-feet per year. See "Table 2" above.

Charges. For purposes of Sonoma Water's assessment of charges against MMWD for water supplied under the MMWD Amended Agreement, water is first accounted as having been delivered under the MMWD Offpeak Agreement. Under the MMWD Water Supply Agreements, the charge to MMWD for water delivered is 1.11 times the highest per-acre-foot charged to any of the Water Contractors taking water from the Santa Rosa Aqueduct or the Petaluma Aqueduct under the Restructured Water Supply Agreement. The MMWD Offpeak Agreement contains a "take or pay" provision requiring MMWD to pay for up to 4,300 acre feet of water, whether or not MMWD actually takes delivery. Under the MMWD Water Supply Agreements, MMWD is not required to directly pay Capital Charges relating to specific facilities, as the Water Contractors are required to do under the Restructured Water Supply Agreement. The MMWD Amended Agreement gives MMWD the option to finance with cash the construction of a new aqueduct generally paralleling the existing Petaluma aqueduct, in return for the right to the capacity in the new aqueduct. If MMWD does not elect this option, Sonoma Water cannot directly assess Capital Charges against MMWD to finance construction of the new aqueduct or other new water supply facilities (although the amount charged to MMWD under the MMWD Water Supply Agreements will increase due to the increased total charge to other Water Contractors resulting from any increase in Capital Charges).

Other Water Supply Agreements. In addition to the Water Contractors and MMWD, Sonoma Water supplies a small amount of water from the Water Transmission System to a limited number of other customers. The amount supplied is limited by the Restructured Water Supply Agreement to an average of 2.7 mgd in any month. This limit does not include amounts provided to fire service or surplus water customers. The charge to these other customers for water supplied by the Water Transmission System must be at least 120% of the highest per-acre-foot charge paid by any Water Contractor.

Additionally, Sonoma Water has water supply agreements with three water retailers to provide authorized diversion under Sonoma Water's water rights through the water retailer's own infrastructure along the Russian River. Those agreements consist of the following: (1) Town of Windsor (which expires June 30, 2024); (2) City of Healdsburg (which expires on January 1, 2026); and (3) Camp Meeker Recreation and Park District (expires on June 30, 2026). None of the charges or other income received by Sonoma Water under such water supply agreements

constitute “Revenues,” “Gross Revenues,” or “Revenues of the Transmission System” and therefore, are not pledged for payment of the principal and interest on the Bonds or the State Revolving Fund Loan.

Charges Excluded from Revenues Pledged to Bond Obligations. Both MMWD and North Marin Water District pay certain charges (the Russian River Projects Charge and the Russian River Conservation Charge) in lieu of property tax payments received from taxpayers within their jurisdictions. Revenues from these charges are placed in the Russian River Projects Fund, are not Gross Revenues for purposes of the Ordinance and are not pledged to pay revenue bond obligations issued to finance capital projects for the Water Transmission System capital projects. Similarly, certain payments made by the Water Contractors under the Restructured Agreement for purposes other than the construction, operation, or maintenance of the Water Transmission System are also not Gross Revenues for purposes of the Ordinance and are not pledged to pay revenue bond obligations arising from Water Transmission System capital projects including the Bonds. These include the payment of the Water Management Planning Sub-Charge, the Watershed Planning and Restoration Sub-Charge, the Recycled Water and Local Supply Sub-Charge, and the Water Conservation Sub-Charge. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS – Pledge of Net Revenues.”

WATER TRANSMISSION SYSTEM FINANCIAL INFORMATION

Historical Water Deliveries

The following table summarizes historical water deliveries by Sonoma Water in acre-feet for the past ten Fiscal Years, percent change from year to year, and the averages over the last five years.

**Table 3
Historical Water Deliveries
Fiscal Years 2011-12 through 2020-21**

Fiscal Year	Total Water Delivered (acre-feet)	% Increase / (Decrease)
2011-12	48,526.8	3.15
2012-13	54,243.8	11.78
2013-14	54,963.2	1.33
2014-15	45,868.2	(16.55)
2015-16	39,904.8	(13.00)
2016-17	40,355.9	1.13
2017-18	46,134.0	14.32
2018-19	43,970.6	(4.69)
2019-20	45,647.9	3.81
2020-21	51,848.2	13.58
5-Year Average	45,591.3	

Source: SCWA Water Sales Data.

Largest Customers

The following table shows the largest customers of the Water Transmission System for Fiscal Year 2020-21.

Table 4
Largest Customers
Fiscal Year 2020-21

Rank	Customer Name	Annual Dollars	% of Total
1	City of Santa Rosa	\$17,360,908	32.0%
2	Marin Municipal Water District	10,093,034	18.6%
3	North Marin Water District	8,310,662	15.3%
4	City of Petaluma	7,617,906	14.0%
5	City of Rohnert Park	2,961,483	5.5%
6	Valley of the Moon Water District	2,458,533	4.5%
7	City of Sonoma	2,239,535	4.1%
8	Town of Windsor	1,099,576	2.0%
9	City of Cotati	602,082	1.1%
10	Forestville	430,181	0.8%
Total:		\$53,173,900	

Source: Sonoma County Auditor's Office.

Water Transmission System Budget, Rates and Charges

Budget and Rate-Setting Process. The Board annually adopts a Water Transmission Budget for the Water Transmission System prior to April 30 of each Fiscal Year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the Water Transmission System. The budget and reporting applied to Sonoma Water is consistent with the accrual basis of accounting and the financial statement basis. The Board adopted the Water Transmission Budget for Fiscal Year 2022-23 on April 19, 2022.

As previously described, Sonoma Water's wholesale water rates are determined by using a calculation outlined under the Restructured Water Supply Agreement, which requires Sonoma Water to set rates based on budgeted operations and maintenance costs and past water sales. Wholesale water rates are calculated by first identifying the funding necessary to operate, maintain, and improve the Water Transmission System and dividing this amount by either the amount of water delivered over the last twelve months or the average annual amount of water delivered over the last three years; whichever is less. See "SONOMA WATER AND THE WATER TRANSMISSION SYSTEM – Water Supply Agreements." Under the Restructured Water Supply Agreement, on or before April 30 of each Fiscal Year, the Board must set Sonoma Water's rates and charges for the next Fiscal Year. The rates and charges approved by the Board are not subject to the approval of any outside governmental agency or body.

Before recommending the level of rates and charges to the Board, Sonoma Water staff provides estimates of revenues and expenditures for the next Fiscal Year, along with the proposed rates and charges, to the Technical Advisory Committee, comprised of staff of the Water Contractors. The Technical Advisory Committee recommends the budget and rates to the Water Advisory Committee. The Water Advisory Committee may comment upon and recommend

changes to the proposed rates and charges. Although the Water Advisory Committee typically concurs with and approves the recommendations of the Technical Advisory Committee and Water Agency staff, Water Advisory Committee approval of rates and charges is not required under the Restructured Water Supply Agreement. The Technical Advisory Committee and Water Advisory Committee unanimously approved the Water Transmission Budget for Fiscal Year 2022-23 on April 19, 2022

Under the Ordinance, Sonoma Water is obligated to fix, prescribe, revise, and collect charges for the Water Transmission System during each Fiscal Year that are sufficient to yield Net Revenues of at least 115% of Debt Service on the Bonds and Parity Obligations (hereafter defined) in that Fiscal Year. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS – Rate Covenants.”

Historical Rates; Comparative Water Rates. The table below sets forth the wholesale water rates of the Water Transmission System for the last five Fiscal Years, the current Fiscal Year, and Fiscal Year 2022-23.

Table 5
Wholesale Water Rates
(dollars per acre-foot)

Fiscal Year	Santa Rosa Aqueduct	% incr. (decr.)	Petaluma Aqueduct	% incr. (decr.)	Sonoma Aqueduct	% incr. (decr.)	Forestville Aqueduct	% incr. (decr.)
2016-17	\$806.59	5.98%	\$806.59	5.98%	\$894.62	6.94%	\$787.09	6.14%
2017-18	846.78	4.98	846.78	4.98	944.56	5.58	846.78	7.58
2018-19	877.88	3.67	877.88	3.67	1001.36	6.01	877.87	3.67
2019-20	918.30	4.60	918.30	4.60	1048.80	4.74	918.30	4.61
2020-21	966.95	5.30	966.95	5.30	1107.21	5.57	966.95	5.30
2021-22	1,000.46	3.47	1,000.46	3.47	1,145.18	3.43	1,000.46	3.47
2022-23	1,061.04	6.06	1,062.04	6.16	1,219.90	6.52	1,061.04	6.06

Source: Sonoma Water.

Sonoma Water’s 2021-22 wholesale water rates are lower than the 2021-22 wholesale water rates of certain other providers in the greater San Francisco Bay area, such as the Santa Clara Valley Water District at \$1,474 per acre-foot, the Zone 7 Water Agency (serving Pleasanton and Livermore) at \$1,329 per acre-foot, the San Francisco Public Utilities Commission at \$1,786 per acre-foot, and the Contra Costa Water District at \$2,184 per acre-foot.

Sonoma Water’s Long Range Financial Plan calls for water rate increases between 4% and 6% annually to fund capital projects such as hazard mitigation, system improvements, and projects necessary to respond to the Russian River Biological Opinion. See “– Long Range Financial Plan.”

Rate Setting Not Subject to Proposition 218. Sonoma Water believes that Proposition 218 does not apply to wholesale water charges established under its water supply agreements with its customers because these are contractual agreements with its customers, not “property-related” fees or charges imposed on end users or property owners. See “BOND OWNERS’ RISKS – Proposition 218.”

Billing Procedure; Collections History

All customers are billed monthly. Payments are due and payable on the date rendered and become delinquent 30 days thereafter. The late charge assessed is 10%. For the past 20 years, the rate of delinquencies has averaged 0%. Consequently, there have been no instances of bad debt write-offs for unpaid bills.

Outstanding Indebtedness

After the issuance of the 2022 Bonds, the only obligations of Sonoma Water secured by Net Revenues will consist of the 2015A Bonds, the 2019 Bonds, the 2022 Bonds, and the State Revolving Fund Loan. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS – Existing Parity Obligations." The 2015A Bonds, the 2019 Bonds, the 2022 Bonds, and the State Revolving Fund Loan are summarized in the following table.

	Maturity Date	Interest Rate(s)	Authorized & Issued	Outstanding June 30, 2021
State Revolving Fund Loan	July 1, 2028	2.79%	\$15,857,295	\$6,572,680
2012 Bonds	July 1, 2032	0.30-5.00%	\$12,265,000	\$8,280,000
2015 Bonds	July 1, 2040	2.30 - 5.20%	\$23,865,000	\$20,290,000
2019 Bonds	July 1, 2039	3.00-5.00%	\$11,010,000	\$10,670,000

Source: Sonoma Water.

Investment of Agency Funds

The Agency Fund, into which all Revenues of the Transmission System are initially deposited is held by the Treasurer who deposits the monies in the Sonoma County pool, which is invested in accordance with the County of Sonoma's Investment Policy (the "**County Investment Policy**"). In accordance with State law, the primary objectives of the County Investment Policy, in priority, are safety of principal, liquidity, and yield. A detailed description of the County Investment Policy is available from the Treasurer. The Debt Service Fund held by the Trustee and the Construction Fund held by the Treasurer are required to be invested in Authorized Investments (as defined in the Ordinance).

All investments, including the Authorized Investments and those authorized by law from time to time for investments by public agencies, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the Ordinance, or other amounts held by Sonoma Water, could have a material adverse effect on Sonoma Water's finances. For a description of Sonoma Water's investments at June 30, 2021, see "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF SONOMA WATER FOR THE FISCAL YEAR ENDED JUNE 30, 2021."

The County Investment Policy may be changed at any time by the Board of Supervisors of the County of Sonoma (subject to the State law provisions relating to Authorized Investments) and as the California Government Code is amended. There can be no assurance, therefore, that the State law and/or the County Investment Policy will not be amended in the future to allow for investments which are currently not permitted under State law or the County Investment Policy or that the objectives of Sonoma Water with respect to investments or its investment holdings will not change.

Insurance

Sonoma Water is exposed to various risks of loss related torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. Sonoma Water is covered by the County of Sonoma's self-insurance program, which is accounted for in the County of Sonoma's Risk Management Internal Service Fund. Sonoma Water is covered under this program for general liability, auto liability, public employees' performance/dishonesty and property insurance.

The County of Sonoma maintains a self-insured retention of \$1,000,000 per occurrence for general and automobile liability. Excess liability coverage is maintained through participation in the California State Association of Counties, Excess Insurance Authority ("**CSAC-EIA**"). Limits of this coverage are \$25,000,000.

The County of Sonoma maintains "All Risk" property insurance including flood and earthquake through participation in the CSAC-EIA Property Insurance Program. Limits of coverage are \$600,000,000 per occurrence for All Risk, \$225,000,000 for flood (limits vary in FEMA flood zones) and earthquake coverage with shared limits of \$665,000,000. Deductibles for these perils are \$50,000 per occurrence.

The County of Sonoma of Sonoma is permissibly self-insured for workers' compensation for its employees and volunteers. Excess workers' compensation coverage is obtained through participation in the CSAC-EIA.

Sonoma Water pays an annual premium to the County of Sonoma for this insurance coverage. Settled claims have not exceeded this coverage for any of the past three fiscal years.

Retirement Plan

Plan Description. Sonoma Water contributes to the County of Sonoma's cost sharing multiple-employer defined benefit pension plan (the "**Plan**") that is administered by the Sonoma County Employees' Retirement Association (the "**Retirement Association**"), a public employee retirement system. Sonoma Water joined the Retirement Association as of October 1, 1963. Substantially all full-time employees of Sonoma Water participate in the Plan.

The Plan provides retirement, disability, death and survivor benefits and cost-of-living adjustments to plan members and beneficiaries. All permanent employees working at least half time of a full-time position for Sonoma Water are eligible. The Plan provides benefits as defined by the law upon retirement, death, or disability of members and may be amended by the Board of Supervisors of the County of Sonoma and then shall be implemented by the Board of Retirement.

All County employees hired on or after January 1, 2013, with the exception of employees who are eligible for reciprocity with another qualified California retirement system, are part of a tier called Plan B. Employees hired before January 1, 2013 are part of the original Plan called Plan A. At December 31, 2020, the date of the most recent actuarial valuation, Plan membership consisted of 5,347 retirees and beneficiaries currently receiving benefits, 4,090 current active members and 1,445 inactive vested members.

The Board of Retirement has the authority to establish and amend benefit provisions and these will then be adopted by the Board of Supervisors of the County of Sonoma. The Retirement

Association issues an annual financial report that includes financial statements and required supplementary information for the Plan which can be obtained by writing to the Sonoma County Employees' Retirement Association, 433 Aviation Blvd., Suite 100, Santa Rosa, California 95403-1069, and at www.scretire.com. *This internet address is included for reference only and the information on the Internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement.*

The financial statements for the County of Sonoma contain additional financial information for the defined pension benefits, which is not presented in this Official Statement, because Sonoma Water's portion cannot be separated from the whole. The County of Sonoma's audited financial statements are available at www.sonoma-county.org/auditor/financial_reports.htm. *This internet address is included for reference only and the information on the Internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement.*

Funding Policy. The contribution requirements of Plan members and the County of Sonoma are determined by an independent actuary, approved by the SCERA Board of Retirement, and adopted by the Board of Supervisors. The contribution rates for the fiscal year ended June 30, 2021 were based on the Plan's valuation dated December 31, 2018. The contribution rates determined in each actuarial valuation take effect at the beginning of the fiscal year starting at least twelve months after the beginning of the valuation year, except when significant benefit or actuarial assumption changes occur.

Plan A members are required to contribute 9.5%-14.9% of their annual covered salary based upon the member's age at the date of entry into the system and General Plan B members are required to contribute 10.4% of their annual covered salary. The County of Sonoma is required to contribute the remaining amounts necessary to finance the coverage of their employees through periodic contributions at actuarially determined rates. Employer and member contributions are funded and recognized through the County of Sonoma payroll systems via employer benefit payments and employee deductions. For the fiscal year ended June 30, 2021, Sonoma Water contributed \$4,985,417 or approximately 18% of covered payroll.

Annual Pension Plan Contributions. Sonoma Water's contributions to the Plan for the five most recent fiscal years for which information is available is set forth below, and was equal to its annual required contribution for each fiscal year.

Fiscal Year	Sonoma Water Plan Contributions
2016-17	\$3,581,629
2017-18	3,946,189
2018-19	4,002,478
2019-20	3,930,580
2020-21	4,985,417

Source: Sonoma Water.

Net Pension Liability. At June 30, 2021, Sonoma Water reported a liability of \$12,140,139 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Sonoma Water's proportion of the net pension liability was based on a projection of Sonoma Water's long-term share of contributions to the pension plan relative to the projected contributions of all Pension

Plan participants, actuarially determined. At December 31, 2020, Sonoma Water's proportion was 6.37%, which was an increase of 0.13% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, Sonoma Water recognized a pension expense of \$951,820 in the governmental activities column of the government-wide statements. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or methods, and plan benefits.

See "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF SONOMA WATER FOR THE FISCAL YEAR ENDED JUNE 30, 2021, Note K" for further information regarding the Plan.

Other Post-Employment Benefits

Plan Description. The County of Sonoma administers an Other Postemployment Healthcare Plan (the "**OPEB Plan**"). The OPEB Plan is a single employer defined benefit plan. The County of Sonoma and Sonoma Water are a single employer. As a component unit of the County of Sonoma, Sonoma Water presents its participation in the County of Sonoma's single-employer OPEB Plan from the perspective of a cost-sharing employer. The authority to establish and amend benefit provisions of the OPEB Plan resides with the Board of Supervisors of the County of Sonoma.

The County of Sonoma established an OPEB trust with the Public Agency Retirement Services (the "**OPEB Trust**") in 2008 to accumulate resources to fund future benefit payments of the OPEB Plan. The OPEB trust is reported in the County of Sonoma's Comprehensive Annual Financial Report and can be found www.sonoma-county.org. *This internet address is included for reference only and the information on the Internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement.*

In accordance with a County Board of Supervisors approved salary resolution and applicable memorandum of understanding, the OPEB Plan includes unrepresented and represented employees hired prior to January 1, 2009, with at least 10 consecutive years of regular full-time paid employment. The OPEB Plan was closed to new participants on January 31, 2008.

Benefits Provided. Retirees and the County of Sonoma share in the cost of monthly premiums for medical coverage. The County of Sonoma contribution toward plan member premiums is a \$500 per month maximum contribution, an amount which is equal to the County of Sonoma's current contribution toward the cost of active, unrepresented Administrative Management employees' medical plans. Retirees may enroll eligible dependents in the County of Sonoma medical plan elected by the retiree, but the retiree is responsible for all premium costs in excess of the County of Sonoma's contribution. In the case of a Safety employee's line-of-duty death pursuant to the California labor code, dependents of the deceased employee are eligible to receive County-subsidized medical coverage. In addition to the monthly contribution, the County of Sonoma reimburses retirees hired prior to January 1, 2009, a fixed amount of \$96.40 per month for Medicare Part B premiums.

Funding Policy. The OPEB Plan funding policy provides for periodic contributions by the County of Sonoma. The contribution rate as a percentage of covered payroll is 8.8%, and is authorized annually by the County Board of Supervisors to finance the costs of benefits for plan members, with an additional amount to finance the unfunded accrued liability. Contributions to

the OPEB Plan from Sonoma Water were \$2,150,163 for the year ended June 30, 2021. Employees are not required to contribute to the OPEB Plan.

Annual OPEB Plan Contributions. Sonoma Water's contributions to the OPEB Plan for the five most recent fiscal years for which information is available is set forth below, and was equal to its annual required contribution for each fiscal year.

Fiscal Year	Sonoma Water OPEB Plan Contributions
2016-17	\$2,070,018
2017-18	1,918,003
2018-19	1,836,224
2019-20	2,050,877
2020-21	2,150,163

Source: Sonoma Water.

Net OPEB Liability. At June 30, 2021, Sonoma Water reported a liability of \$14,762,790 for its proportionate share of the net OPEB liability. Sonoma Water's covered payroll is used as the basis for determining its proportion of the OPEB amounts. At June 30, 2020, Sonoma Water's proportion was 7.44%. At June 30, 2021, Sonoma Water's proportion was 7.19%, a decrease of 0.25%.

The financial statements for the County of Sonoma (the primary government) contain the financial information for the postemployment benefits, which is not presented here because Sonoma Water's share cannot be separated from the whole. The County of Sonoma's audited financial statements are available on the internet at www.sonoma-county.org/auditor/financial_reports.htm. *This internet address is included for reference only and the information on the Internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement.* See "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF SONOMA WATER FOR THE FISCAL YEAR ENDED JUNE 30, 2021, Note L" for additional information regarding the OPEB Plan.

Audited Financial Statements

The most recent audited financial statements of Sonoma Water for the Fiscal Year ended June 30, 2021, were prepared by Pisenti & Brinker LLP, and are included in "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF SONOMA WATER FOR THE FISCAL YEAR ENDED JUNE 30, 2021." The financial statements should be read in their entirety. Sonoma Water has not requested nor did Sonoma Water obtain permission from the auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the auditor has not performed any post-audit review of the financial condition or operations of Sonoma Water or the Water Transmission System. In addition, the auditor has not reviewed this Official Statement.

System Management

This section describes certain policies, plans, and procedures Sonoma Water maintains to ensure adequate management of its finances and the Water Transmission System.

Capital Improvement Plan. Sonoma Water maintains a five-year capital improvement plan in collaboration with the County of Sonoma as part of the County of Sonoma's five-year

capital improvement plan. Sonoma Water's current capital improvement plan covers Fiscal Years 2021-2026 and identifies projects to be constructed in those years and designed to meet its mission and strategic objectives to address Sonoma Water's most pressing needs in the areas of water supply, sanitation, flood protection, energy, climate change and internal operations. The Capital Improvement Plan guides Sonoma Water as it addresses the challenges it faces in pursuing its mission. The projects in the Capital Improvement Plan are derived from the objectives in Sonoma Water's Strategic Plan and from the Water Supply Strategies Action Plan. The Capital Improvement Plan provides an overly optimistic outlook on what can be accomplished and from time-to-time projects listed in the plan are removed or reclassified as operations and maintenance. The Capital Improvement Plan does not incorporate cost escalators to account for future year costs. Due to these factors, Sonoma Water relies on the Water Transmission System Long Range Financial Plan, described below, when planning for Water Transmission System capital projects.

Equipment Assessment. Sonoma Water uses computerized maintenance management system software to manage and maintain assets on a routine basis. Sonoma Water also implements large non-routine maintenance projects, such as cathodic protection upgrades and storage tank recoats, to further protect Water Transmission System assets.

Long Range Financial Plan

Sonoma Water has adopted a Water Transmission System Long Range Financial Plan (the "**LRFP**"). The LRFP provides a list of planned capital projects, budgets, and schedules over the next 20 years. Capital costs are escalated 3.4% per year. The plan is used as a tool to optimize rates and financing by considering Water Demand, Capacity Projects, Hazard Mitigation Projects, Large Maintenance Projects and Biological Opinion Projects. The projects in the LRFP are derived from the objectives in Sonoma Water's Strategic Plan, the Water Supply Strategies Action Plan, and the Capital Improvement Plan. The LRFP calculates rates to support future system needs and calls for water rate increases between 4% to 6% annually to fund such projects..

In order to reliably, safely, and efficiently supply potable water to the Water Contractors, Sonoma Water plans, performs environmental reviews, designs, and constructs capital improvement projects. Water Transmission System improvements are guided by the terms and conditions of the Restructured Water Supply Agreement. "SONOMA WATER AND THE WATER TRANSMISSION SYSTEM – Water Supply Agreements"

Historic Operating Results and Debt Service Coverage

The following table sets forth a summary of the Water Transmission System operating results of Sonoma Water for the last five Fiscal Years, and has been derived by Sonoma Water from its audited financial statements for the Fiscal Years indicated, but excludes certain non-cash items and certain other adjustments.

Governmental Funds (including General and Special Tax Revenue Funds), Fiduciary Funds, and Enterprise Funds in relating to the Water Transmission System (Russian River Project Fund, Recycled Water Fund, and Sanitation Zone Funds) are not pledged for payment of the principal and interest on the Bonds.

Table 7
Water Transmission System
Historical Debt Service Coverage
(Fiscal Year Ending June 30)

	2017	2018	2019	2020	2021
Operating Revenues:					
Water Sales ^[1]	\$33,208,443	\$39,778,515	\$39,288,806	\$42,931,384	\$51,227,762
Installation Charges ^[2]	23,820	23,820	23,820	23,820	23,378
Miscellaneous Revenue ^[3]	494,169	299,470	115,719	1,710,804	88,493
Power Sales		144,524	36,156	26,385	-
Less: Subcharges ^[4]	(6,891,146)	(7,871,056)	(7,497,005)	(8,307,298)	(9,442,463)
Total Operating Revenues	\$27,045,566	\$32,375,273	\$31,967,496	\$36,385,095	\$41,897,170
Other Revenues/(Expenses) ^[5]	\$865,572	\$891,745	\$1,754,958	\$1,587,689	\$269,244
Total Gross Revenues	\$27,911,138	\$33,267,018	\$33,722,454	\$37,972,784	\$42,166,414
Gross Maintenance & Operating Expenses	\$34,092,348	\$33,903,865	\$34,084,893	\$36,298,539	\$39,691,651
Less: O&M Subfund Expenses ^[6]	(5,708,105)	(5,227,863)	(4,707,644)	(6,044,660)	(7,030,278)
Maintenance & Operations Costs ^[7]	\$28,384,243	\$28,676,002	\$29,377,249	\$30,253,879	\$32,661,373
Net Revenues	\$5,235,000	\$9,818,879	\$9,052,849	\$13,763,565	\$16,535,319
Total Debt Service	\$3,363,145	\$3,368,391	\$3,361,096	\$3,582,328	\$4,141,906
Debt Service Coverage	156%	292%	269%	384%	399%

[1] Sonoma Water's audited financial statements include Maintenance & Operations Charges, subcharges established under the Restructured Water Supply Agreement (Urban Water Management Planning, Recycled Water and Local Supply, Watershed Planning and Water Conservation) and Revenue Bond Charges and aqueduct charges, if any.

[2] Installation Charges are water services and connection fees in Sonoma Water's audited financial statements.

[3] Miscellaneous revenue includes donations and reimbursements, canceled warrants, and other miscellaneous and minor adjustments.

[4] To exclude activity from subcharges and funds established by the Restructured Water Supply Agreement because such subcharges and funds are not pledged as security for the Bonds under the Ordinance. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS – Pledge of Net Revenues," and "SONOMA WATER AND THE WATER TRANSMISSION SYSTEM– Water Supply Agreements."

[5] Intergovernmental funds (grants), transfers and investment earnings.

[6] O&M Subfund expenses historically included in Sonoma Water's audited financial statements operation and maintenance expenses and per note 4 above are excluded from debt coverage calculations.

[7] Includes water production, water operation and maintenance, general and administrative, and other expenses. Excludes "non-cash" expense of depreciation.

Source: Sonoma Water.

Projected Operating Results and Debt Service Coverage

General. Projected operating results for the current and next five Fiscal Years are set forth below, all on a cash basis.

Table 8
Water Transmission System
Projected Debt Service Coverage
(Fiscal Year Ending June 30)

	2022 ^[1]	2023 ^[2]	2024 ^[3]	2025 ^[3]	2026 ^[3]	2027 ^[3]
Operating Revenues:						
Water Sales ^[4]	\$42,682,722	\$49,504,358	\$51,484,532	\$53,543,913	\$55,685,670	\$57,913,097
Installation Charges ^[5]	25,000	--	--	--	--	--
Miscellaneous Revenue ^[6]	8,000	--	--	--	--	--
Power Sales ^[7]	--	100,000	100,000	100,000	100,000	100,000
Less: Subcharges ^[8]	(7,385,804)	(3,701,213)	(3,849,262)	(4,003,232)	(4,163,361)	(4,329,895)
Total Operating Revenues	\$35,329,918	\$45,903,145	\$47,735,270	\$49,640,681	\$51,622,309	\$53,683,202
Other Revenue ^[9]	60,000	36,000	36,000	36,000	36,000	36,000
Total Gross Revenues	\$35,389,918	\$45,939,145	\$47,771,270	\$49,676,681	\$51,658,309	\$53,719,202
Maintenance & Operations Costs ^[10]	\$30,177,970	\$38,676,069	\$40,223,112	\$41,832,036	\$43,505,317	\$45,245,530
Net Revenues	\$5,211,948	\$7,263,076	\$7,548,158	\$7,844,645	\$8,152,992	\$8,473,672
Debt Service						
State Revolving Fund Loan	\$1,040,232	\$1,040,232	\$1,040,232	\$1,040,232	\$1,040,232	\$1,040,232
2012 Bonds ^[11]	838,000	--	--	--	--	--
2015A Bonds	1,482,706	1,477,081	1,484,331	1,479,331	1,477,206	1,476,831
2019 Bonds	785,950	782,575	783,325	783,075	781,825	784,450
2022 Bonds*	--	1,745,928	1,746,700	1,745,450	1,736,950	1,741,450
Total Debt Service*	\$4,146,888	\$5,045,816	\$5,054,588	\$5,048,088	\$5,036,213	\$5,042,963
Debt Service Coverage Ratio*	126%	144%	149%	155%	162%	168%

[1] Fiscal Year 2021-22 projections based on budget presented to Technical Advisory Committee.

[2] Based on Water Transmission Budget for Fiscal Year 2022-23.

[3] Revenues increased by 4% annually and expenses inflated by 4% annually.

[4] Water sales include Maintenance and Operations Costs, subcharges established under the Restructured Water Supply Agreement (Urban Water Management Planning, Recycled Water and Local Supply, Watershed Planning and Water Conservation) and Revenue Bond Charges and aqueduct charges, if any. Includes estimated annual debt service payments and an additional 15% as authorized by the Restructured Water Supply Agreement.

[5] Installation charges are water services and connection fees.

[6] Miscellaneous revenue includes donations and reimbursements, canceled warrants, fire service and hydrant charges, scrap metal sales, and other miscellaneous and minor adjustments.

[7] Power sales not expected to escalate 4% per year.

[8] To exclude activity from sub-charges and funds established by the Restructured Water Supply Agreement because such subcharges and funds are not pledged as security for the Bonds under the Ordinance. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS – Pledge of Net Revenues," and "SONOMA WATER AND THE WATER TRANSMISSION SYSTEM– Water Supply Agreements."

[9] Other Revenue not escalated to represent average historical revenue.

[10] Includes water production, water operation and maintenance, general and administrative, and other expenses. Excludes "non-cash" expense of depreciation. Excludes subcharges established under the Restructured Water Supply Agreement (Urban Water Management Planning, Recycled Water and Local Supply, Watershed Planning and Water Conservation) per Note 8 above.

[11] 2012 Bonds are anticipated to be refunded with proceeds of the 2022 Bonds.

Source: Sonoma County.

* Preliminary; subject to change.

CERTAIN REGULATORY AND LEGAL MATTERS

Obligations of Sonoma Water with respect to the Russian River Project

General. Two federal projects assure the water supply diverted and delivered by Sonoma Water through the Water Transmission System:

- the Coyote Valley Dam on the Russian River northeast of the city of Ukiah in Mendocino County (forming Lake Mendocino), and
- the Warm Springs Dam on Dry Creek (a tributary of the Russian River) northwest of the city of Healdsburg in Sonoma County (forming Lake Sonoma).

These projects (jointly referred to as the “**Russian River Project**”) are operated by the U.S. Army Corps of Engineers for flood control and Sonoma Water for water supply purposes and minimum instream flow requirements.

Because Sonoma Water was the local sponsor for the dams and partially financed their construction, Sonoma Water has the right to control releases from the water supply pools of both reservoirs.

Coyote Valley Dam Project. Sonoma Water made a payment of \$5,598,000 to the United States in 1956 that satisfied the entire local cost-sharing obligation for the Coyote Valley Dam Project, except for the obligation to maintain downstream erosion control.

Warm Springs Dam Project. Sonoma Water’s obligations with respect to the Warm Springs Dam project are set forth in a First Amended Contract between Sonoma Water and the United States dated October 1, 1982 (the “**First Amended Contract**”). Sonoma Water’s repayment obligation under the First Amended Contract includes 30.2% of the total Warm Springs Dam Project joint use construction costs, a percentage of the Warm Springs Dam Project operation, maintenance, major replacement, and major rehabilitation costs (beginning at 6.7% in 1992, which increased to 32.5% in 2005), and 30.2% of dam safety assurance program costs.

Sonoma Water’s annual payment for its share of construction costs is \$6,285,572, with the last annual payment due in 2034. The percentage of operation, maintenance, and major replacement and rehabilitation costs Sonoma Water must pay under the First Amended Contract is currently 32.5%. For Fiscal Year 2020-21, Sonoma Water’s annual operation and maintenance cost budget for Warm Springs Dam is \$877,000. The total operation and maintenance cost has traditionally increased by 10% each year.

The First Amended Contract provides that Sonoma Water’s allocated share of any major replacement costs, rehabilitation costs, and dam safety assurance programs may be paid either as they are incurred or amortized over a period not to exceed 25 years. The U.S. Army Corps of Engineers has incurred no major replacement costs to date.

The First Amended Contract also obligates Sonoma Water to comply with all applicable federal and state laws and regulations while acting under its Warm Springs Dam Project rights. Sonoma Water is also required under separate agreements to maintain certain downstream channel improvements.

Agency Sources of Payments for Russian River Project. Sonoma Water's obligations with respect to the Russian River Project are paid through the imposition of property taxes on properties within Sonoma County. These taxes are levied subject to Article 13A, section (1)(b)(1) of the California Constitution, which authorizes property taxes in excess of the otherwise applicable 1% of assessed value limit in order to pay indebtedness approved by the voters prior to the enactment of Proposition 13 in 1978, as implemented by California Revenue and Taxation Code section 96.31. Such taxes do not constitute Net Revenues under the Ordinance.

Revenues from the Russian River Projects Charge and Russian River Conservation Charge imposed upon MMWD and North Marin Water District under the MMWD Amended Agreement and the Restructured Water Supply Agreement are also available to pay Sonoma Water's Russian River Project obligations.

Sonoma Water has funded a sinking fund to pay future Russian River Project obligations. As of June 30, 2021, the sinking fund consisted of \$6,396,008 held in cash and \$28,682,990 held in investments, a portion of which serves as collateral for a standby letter of credit with U.S. Bank National Association. See "– The Endangered Species Act Consultation and the Russian River Biological Opinion."

The Endangered Species Act Consultation and the Russian River Biological Opinion

Two salmonid species inhabiting the Russian River watershed (Chinook salmon and steelhead) have been listed as "threatened" under the federal Endangered Species Act, and one species – coho salmon – has been listed as "endangered" under the federal Endangered Species Act ("ESA") and under the California Endangered Species Act. Protective regulations promulgated under the federal Endangered Species Act prohibit the "take" of these species. "Take" is broadly defined in the federal Endangered Species Act and its implementing regulations; it includes not only intentionally killing a protected species, but also actions that unintentionally result in actual harm to a member of a protected species, including adverse modification of habitat. Civil and criminal penalties may be imposed under the federal Endangered Species Act for the "take" of protected species.

Because Sonoma Water's water supply facilities and operations have the potential to adversely affect the two listed species, Sonoma Water entered into a Memorandum of Understanding in December 1997 to participate in a consultation under Section 7 of the federal Endangered Species Act. The other signatories to the Memorandum of Understanding included the U.S. Army Corps of Engineers, the National Marine Fisheries Service, and the Mendocino County Russian River Flood Control and Water Conservation Improvement District. The National Marine Fisheries Service issued its Biological Opinion for Water Supply, Flood Control Operations, and Channel Maintenance conducted by the U.S. Army Corps of Engineers, Sonoma Water, and the Mendocino County Russian River Flood Control and Water Conservation Improvement District in the Russian River Watershed (Russian River Biological Opinion) on September 24, 2008. The California Department of Fish and Wildlife issued a consistency determination on November 9, 2009, finding that the National Marine Fisheries Service's Russian River Biological Opinion was consistent with the requirements of the California Endangered Species Act and adopting the measures identified in the Russian River Biological Opinion.

The Biological Opinion requires Sonoma Water and the U.S. Army Corps of Engineers to implement a series of actions to modify existing water supply and flood control activities that, in concert with habitat enhancement, are intended to minimize impacts to listed salmon species and enhance their habitats within the Russian River and its tributaries. In return, the Biological Opinion

contains an “incidental take statement” that allows Sonoma Water to “take” listed salmonid species (within limits specified in the Biological Opinion) while operating its water transmission system and implementing its flood control maintenance activities, without violating the federal Endangered Species Act. The California Department of Fish and Wildlife consistency determination (the “**Consistency Determination**”) gives similar protection to Sonoma Water under the California Endangered Species Act. The Biological Opinion is in effect until September 2023.

Sonoma Water must carry out the following general categories of water-supply related actions under the Biological Opinion:

- Modifying minimum instream flow requirements in the Russian River and Dry Creek
- Enhancing salmonid habitat in Dry Creek and its tributaries
- Developing a feasibility study of a bypass pipeline around Dry Creek that would be considered if habitat enhancement is unsuccessful
- Changing Russian River estuary management
- Improving water diversion infrastructure at Sonoma Water’s Wohler and Mirabel facilities
- Modifying flood control maintenance activities on the mainstem Russian River and its tributaries
- Continued participation in the Coho Broodstock program at the Warm Springs Dam Fish Hatchery

The source of revenues necessary to pay for Sonoma Water’s costs of complying with the Biological Opinion varies. Compliance projects that exclusively and directly involve the Water Transmission System are paid for by Sonoma Water’s customers through rates. Remaining projects are paid for through a combination of water rates and property tax revenues.

Under the Consistency Determination and state law, Sonoma Water is required to provide assurances that it will have adequate funding to implement and comply with the Biological Opinion and the Department of Fish and Wildlife Incidental Take Statement as it pertains to coho-related activities. Financial security provisions required under the Consistency Determination are guided by a Memorandum of Agreement signed by Sonoma Water and Department of Fish and Wildlife on October 5, 2009.

To comply with the Consistency Determination and the terms of the Memorandum of Agreement, Sonoma Water is required to obtain a standby letter of credit for each phase of work in the principal amounts set forth in the agreement, as described below. The Department of Fish and Wildlife’s ability to draw on the standby letter of credit is subject to a number of conditions. Most importantly, the Department of Fish and Wildlife must give Sonoma Water written notice of any alleged default by Sonoma Water in its Biological Opinion obligations, as well as an opportunity to cure any such default. If the Department of Fish and Wildlife draws on the standby letter of credit, it must use all proceeds to complete coho-related work under the Biological Opinion.

As required under the Consistency Determination, U.S. Bank National Association (“**U.S. Bank**”) has issued an Irrevocable Standby Letter of Credit (the “**U.S. Bank Letter of Credit**”) for the benefit of the Department of Fish and Wildlife in the stated amount of \$12,765,840, with a current expiration date of September 30, 2023 (the “**Current Expiration Date**”). In connection with the U.S. Bank Letter of Credit, Sonoma Water has entered into a Continuing Reimbursement

Agreement dated as of December 22, 2014, between Sonoma Water and U.S. Bank (as amended, the “**Reimbursement Agreement**”).

Sonoma Water’s obligations under the Reimbursement Agreement are secured by a first lien in favor of U.S. Bank in an account established with, and held by, U.S. Bank National Association (the “**Collateral Account**”). Sonoma Water is required to maintain a balance in the Collateral Account of no less than \$13,440,132 at all times (“**Minimum Deposit Amount**”) during the term of the U.S. Bank Letter of Credit. A portion of the amounts on deposit in the Collateral Account have been invested in certain U.S. Treasury securities. Under certain circumstances, amounts on deposit in the Collateral Account may be used to repay the U.S. Army Corps of Engineers for the cost of constructing and maintaining Warm Springs Dam. As of March 31, 2022, the amount on deposit in cash and investments in the Collateral Account totaled approximately \$17,136,170. *Sonoma Water’s obligations under the Reimbursement Agreement are not secured in whole or in part by, or are otherwise payable from, Net Revenues of the Water Transmission System. Amounts on deposit in the Collateral Account are not available to pay debt service on the Bonds, the State Revolving Loan Fund or any other Parity Obligations.*

Sonoma Water is in material compliance with the requirements of the Biological Opinion since its issuance, and is continuing to worked closely with National Marine Fisheries Service and California Department of Fish and Wildlife and other resources agency partners on the implementation of remaining projects under the Biological Opinion.

Sonoma Water is continuing to carry out various activities required by the Biological Opinion. The current status of Water Agency activities related to the Biological Opinion is available on-line at www.sonomawater.org/rriifr. *This internet address is included for reference only and the information on the Internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement.*

Petition to Change Minimum Instream Flows in Russian River and Dry Creek

The National Marine Fisheries Service concluded in the Biological Opinion that the artificially elevated summertime minimum flows in the Russian River and Dry Creek that are currently required by Sonoma Water’s water rights permits under Decision 1610 result in high water velocities that reduce the quality and quantity of rearing habitat for coho salmon and steelhead. Additionally, the National Marine Fisheries Service concluded that maintaining these flows disrupts lagoon formation in the Russian River estuary and that allowing a lagoon to develop would likely enhance juvenile steelhead habitat.

The National Marine Fisheries Service’s Biological Opinion concludes that reducing Decision 1610 minimum instream flow requirements will enable alternative flow management scenarios that will increase available rearing habitat in Dry Creek and the upper Russian River, and provide a lower, closer-to-natural inflow to the estuary between late spring and early fall, thereby enhancing the potential for maintaining a seasonal freshwater lagoon that would likely support increased production of juvenile steelhead. The National Marine Fisheries Service also concluded that, in addition to providing fishery benefits, the lower instream flow requirements “should promote water conservation and limit effects on in-stream river recreation.”

The National Marine Fisheries Service stated that the following changes may achieve these goals:

During Normal Years: (1) reduce the minimum flow requirement for the Russian River from the East Fork to Dry Creek from 185 cfs to 125 cfs between June 1 and August 31; and from 150 cfs to 125 cfs between September 1 and October 31; (2) reduce the minimum flow requirement for the Russian River between the mouth of Dry Creek and the mouth of the Russian River from 125 cfs to 70 cfs; and (3) reduce the minimum flow requirement for Dry Creek from Warm Springs Dam to the Russian River from 80 cfs to 40 cfs from May 1 to October 31.

During Dry Years: reduce the minimum flow requirement for the Russian River between the mouth of Dry Creek and the mouth of the Russian River from 85 cfs to 70 cfs.

The Biological Opinion also specifies specific maximum flow releases from Warm Springs and Coyote Valley Dams, which, if exceeded, would result in an unacceptable take of listed salmonids, both before and after changes to minimum instream flow requirements under Decision 1610.

As required by the Biological Opinion, in September 2009, Sonoma Water filed a petition with the State Water Resources Control Board to permanently change the Decision 1610 minimum instream flow requirements to those recommended in the Biological Opinion under the Reasonable and Prudent Alternative (“**RPA**”), in order to avoid jeopardizing the populations of and improve habitat conditions for endangered Central California Coast coho salmon and threatened Central California Coast steelhead. In August 2016, Sonoma Water filed a new petition and requested that the 2009 petition be cancelled as the analysis for the Fish Flow Project Draft Environmental Impact Report (“**EIR**”) had identified a new set of proposed minimum instream flow requirements and a new hydrologic index that were determined to be preferable to the RPA. The petition presently is pending before the State Water Resources Control Board, which will act on this petition after the EIR is certified. As required by the Biological Opinion, Sonoma Water files temporary urgency change petitions (“**TUCPs**”) with the State Water Resources Control Board to reduce mainstem, but not Dry Creek, minimum flows each year, on an interim basis until the State Water Resources Control Board acts on the petition for permanent changes. To date the State Water Resources Control Board has issued orders approving TUCPs filed by Sonoma Water.

Pacific Gas & Electric’s Potter Valley Project

Diversions from the Eel River watershed through the Potter Valley Project of Pacific Gas & Electric (the “**PG&E**”) provide an additional supply of water to Lake Mendocino and the Russian River. Operation of the Potter Valley Project is licensed by the Federal Energy Regulatory Commission. PG&E’s license to operate the Potter Valley Project expired on April 14, 2022. However, on April 21, 2022, the Federal Energy Regulatory Commission issued an annual license to PG&E for continued operations of the Potter Valley Project that automatically renews annually until a new license is issued or the Potter Valley Project is disposed. Diversions from the Eel River watershed are subject to the terms of the Federal Energy Regulatory Commission license.

In 2004, the Federal Energy Regulatory Commission (“**FERC**”) issued its final order on an application filed by PG&E in 1998 to amend FERC license to include an Eel River flow proposal that reduces the amount of water diverted into the Russian River watershed for the benefit of Eel River fisheries. PG&E’s application followed a 10-year fishery study, and was required by the existing FERC license. Sonoma Water and several other parties intervened in the proceeding and filed alternative flow proposals with ERC. FERC order implemented a modified Potter Valley

Project flow regime based upon a Biological Opinion issued by the National Marine Fisheries Service as part of a consultation initiated by FERC under Section 7 of the federal Endangered Species Act. This flow regime was fully implemented beginning in 2006.

On January 25, 2019, PG&E announced that it was withdrawing from FERC relicensing process for the Potter Valley Project. FERC thereafter set a deadline of July 1, 2019 for any interested parties to submit a notice of intent and preliminary application document to pursue a license for the Potter Valley Project. On May 17, 2019, Sonoma Water, Mendocino Inland Water and Power Commission, and California Trout, Inc. (collectively, the **“Planning Agreement Partners”**) entered into an agreement to allow the three entities to submit a notice of intent conditioned on the results of a planned feasibility study. Subsequently, the County of Humboldt and the Round Valley Indian Tribes joined the Planning Agreement Partners in the relicensing effort. On January 31, 2022, the Planning Agreement Partners filed a status report with FERC indicating they would not be filing an application to relicense the Potter Valley Project. It is anticipated that FERC will issue an order to PG&E shortly after the operating license expires in April of 2022 requiring them to file a schedule and workplan for surrendering the license. The Planning Agreement Partners are continuing to coordinate on pursuing a project that could result in a continued transfer of Eel River water following license surrender of the Potter Valley Project.

The current FERC-ordered Potter Valley Project flow requirements have decreased the water supply reliability of Lake Mendocino and the Upper Russian River. The new flow requirements have resulted in an adverse impact on the water supply available to Sonoma Water to meet minimum instream flow requirements in the Russian River during dry years. However, because Sonoma Water primarily relies on water stored behind Warm Springs Dam in Lake Sonoma for its Water Transmission System deliveries, and because this supply is not affected by changes in Potter Valley Project diversions, any future change in Potter Valley Project diversions as a result of license surrender will have only limited impacts on the water supply available to Sonoma Water for delivery to its Water Transmission System customers.

BOND OWNERS' RISKS

The following information should be considered by prospective investors in evaluating the 2022 Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the 2022 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. There can be no assurance that other considerations will not materialize in the future, and if additional considerations materialize to a sufficient degree, they could delay or prevent payment of principal of and interest on the 2022 Bonds.

Net Revenues; Rate Covenant

Net Revenues are dependent upon the demand for water sales, which can be affected by population factors and more stringent drinking water regulations. There can be no assurance that water service demand will be consistent with the levels contemplated in this Official Statement. In addition, in recent years, the State has experienced a significant drought that resulted in severe impacts to California's water supplies and its ability to meet all the demands for water in the State. Sonoma Water cannot predict what effect drought conditions and any voluntary or mandatory conservation measures may have on the revenues of the Water Transmission System (see **“SONOMA WATER AND THE WATER TRANSMISSION SYSTEM – Drought and Response”**). A decrease in the demand for water could require an increase in rates or charges in order to comply

with the rate covenant contained in the Ordinance. Sonoma Water's ability to meet its rate covenant is dependent upon its capacity to increase rates without driving down demand to a level insufficient to meet debt service on the Bonds and any future Parity Bonds.

Sonoma Water Expenses

There can be no assurance that Maintenance and Operation Costs will be consistent with the levels contemplated in this Official Statement. Changes in technology, changes in quality standards, and increases in the cost of operation or other expenses could require substantial increases in rates or charges in order to comply with the rate covenant in the Ordinance. Such rate increases could drive down demand for water and related services or otherwise increase the possibility of nonpayment of the Bonds.

Limitations on Remedies Available to Bond Owners

The ability of Sonoma Water to comply with its covenants under the Ordinance and to generate Net Revenues sufficient to pay principal of and interest on the Bonds may be adversely affected by actions and events outside of the control of Sonoma Water, and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. Furthermore, any remedies available to the owners of the Bonds upon the occurrence of an event of default under the Ordinance are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on Bondholder remedies contained in the Ordinance, the rights and obligations under the Bonds and the Ordinance may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Future Parity Obligations

The Ordinance permits Sonoma Water to issue or incur Parity Obligations, its obligations under which would be payable from and secured by Net Revenues on a parity with the payment of debt service of the Bonds. In the event of a decline in Net Revenues available to pay debt service on the Bonds, the existence of other Parity Obligations could adversely affect Sonoma Water's ability to pay debt service on the Bonds.

The coverage test involves, to some extent, projections of Net Revenues. If such indebtedness is issued, the debt service coverage for the Bonds will be diluted below what it otherwise would be. Moreover, there is no assurance that the assumptions that form the basis of such projections, if any, will be actually realized subsequent to the date of such projections. If such assumptions are not realized, the amount of future Net Revenues may be less than

projected, and the actual amount of Net Revenues may be insufficient to provide for the payment of the Bonds and such additional indebtedness. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS – Parity Obligations.”

Public Health Emergencies

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020, the WHO announced the official name for the outbreak of COVID-19, an upper respiratory tract illness. COVID-19 has since spread across the globe. The spread of COVID-19 is having significant adverse health and financial impacts throughout the world, including the Counties of Marin and Sonoma. The WHO has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the Governor of the State and the President of the United States.

The COVID-19 outbreak is ongoing, and its duration and severity and its economic effects are uncertain in many respects. Uncertain too are the additional actions, if any, that may be taken by federal and State governmental authorities to contain or mitigate the effects of the outbreak. The ultimate impact of COVID-19 on the operations and finances of Sonoma Water and the economy, real estate market and development within Sonoma Water’s service area is not fully known, and it may be some time before the full adverse impact of the COVID-19 outbreak is known. Further, there could be future COVID-19 outbreaks or other public health emergencies that could have material adverse effects on Sonoma Water’s operations and finances.

Threat to Water Supply

The Water Transmission System consists of an extensive network of facilities used to divert, pump, store, and convey water supplies to Water Customers. Water transmission systems are vulnerable to seismic events (as well as other unplanned facility failures and catastrophes) that could result in varying degrees of water supply disruptions for periods of days, weeks, or months. Given the presence of several major earthquake fault lines in proximity to Sonoma Water’s facilities, earthquakes have a high potential for resulting in an infrastructure outage that could disrupt service to and within Sonoma Water’s service area. System reliability disruptions for Sonoma Water can be caused by outages of key water facilities.

Supply reliability disruptions can be caused by droughts, environmental regulations, and long-term climate variability. Of the many factors affecting supply reliability, the factor with the greatest degree of variability and with the largest impact on supplies is climate variability and associated effects on hydrology. Climate variability adds a layer of uncertainty in estimating the future availability of water to the Water Transmission System. While different climate change models show differing effects, potential changes could include more precipitation falling in the form of rain rather than snow and earlier snowmelt. Earlier snowmelt would result in more runoff occurring in the winter rather than spread out over winter and spring, which in turns impacts supply availability during late spring and summer. Sonoma Water cannot provide any assurance that actual water supplies to Sonoma Water will be sufficient to meet actual demand in the future. See “SONOMA WATER AND THE WATER TRANSMISSION SYSTEM – Projected Water Supply” for a discussion regarding recent projections of water supply and demand from the Water Transmission System.

Seismic and Environmental Considerations

General. Sonoma Water is located in a seismically active area of California. If there were to be an occurrence of severe seismic activity in the service area of Sonoma Water, there could be an interruption in the service provided by the Water Transmission System, resulting in a temporary reduction in the amount of Net Revenues available to pay debt service when due on the Bonds.

Other environmental conditions, such as flooding, landslides or wildfires, could affect or interrupt the service provided by the Water Transmission System, resulting in a temporary reduction in the amount of Net Revenues available to pay debt service when due on the Bonds.

Wildfires. In recent years, wildfires have caused extensive damage throughout the State. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances, entire neighborhoods have been destroyed. Several fires which occurred in 2017 damaged or destroyed property in areas that were not previously considered to be at risk from such events. In November 2018, the Camp Fire occurred in Butte County, California. The Camp Fire is the deadliest and most destructive wildfire in the recorded history of the State burning more than 150,000 acres and destroying more than 11,500 structures, including most of the structures in the City of Paradise, California. Several wildfires in recent years are believed to have been caused by power distribution and transmission lines coming into contact with dry trees and other vegetation during extreme weather events (such as high winds) and malfunctions in electric equipment. Some commentators believe that climate change will lead to even more frequent and damaging wildfires in the future.

The most significant direct impact to Sonoma Water's systems from wildfires is primarily the effects of post-fire sedimentation or landslides into Lake Mendocino, Lake Sonoma, or the Russian River. Lake Sonoma is the main water supply for the Russian River and people in Sonoma and northern Marin counties. A stand-replacing wildfire could result in catastrophic post-fire sedimentation or landslides into Lake Sonoma that would threaten the water supply function, infrastructure, downstream forest health, and water quality for both drinking water and habitat including endangered species of this critical watershed. Wildfires often degrade water quality due to increased sedimentation, dissolved organic carbon, metals, and nutrients.

If wildfires were to substantially damage or destroy the Water Transmission System, Sonoma Water's ability to pay debt service on the Bonds could be materially and adversely affected.

Flooding. Floods are the most frequent natural hazard impacting Sonoma County, causing the greatest property losses and accounting for the highest number of local, Gubernatorial, and Presidential disasters. Flooding is defined as the overflow of excess water from a water body onto adjacent lands. Flooding typically results from large-scale weather systems generating prolonged rainfall. Causes of flooding in Sonoma County can include thunderstorms, severe winter storms, tsunamis, sea level rise, dam failures, and, most commonly, atmospheric rivers.

Atmospheric rivers are narrow bands of enhanced water vapor which provide approximately half of the major rainfall in the Russian River watershed. Atmospheric rivers typically form over the North Pacific Ocean, and when they make landfall in California the moisture-laden air results in heavy, localized precipitation; they can transport water vapor as much as 15 times greater than the average flow of water at the mouth of the Mississippi River.

Atmospheric rivers have caused 34 out of the 39 floods in the Russian River watershed from the last 60 years.

Floods are capable of undermining buildings and bridges, eroding shorelines and riverbanks, tearing out trees, washing out access routes, and causing loss of life and injuries. A “floodplain” is the area adjacent to a watercourse or other body of water that is subject to recurring inundation from floods. Floods on small streams usually peak and recede quickly in Sonoma County, while floods on the lower Russian River may not peak for two days or more after the start of a storm and may exceed flood stage for four days or more.

Damaging floods occur most frequently along the Russian River, Petaluma River, and Sonoma Creek, and the tributaries in these watersheds. Floods in Sonoma County occur during the winter months, develop within 24 to 48 hours after the storm event, and recede within three days after the end of the storm. In the lower Russian River floods are characterized by high velocity and significant depth of flow due to the relatively narrow floodplain. Flooding frequently occurs in this portion of the river, especially in the residential and commercial districts of Mirabel Park, Duncans Mills, Monte Rio, Rio Nido, and Guerneville.

Recently, in March 2019, the region surrounding Sonoma Water suffered from one of the most significant flooding events in the past few decades. Thousands of people were affected along the Russian River and its tributaries.

Climate Change

The State has historically been susceptible to wildfires and hydrologic variability. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods and heat waves, and raising sea levels.

The future fiscal impact of climate change on Sonoma Water is difficult to predict, but it could be significant, and it could have a material adverse effect on Sonoma Water’s finances by requiring greater expenditures to counteract the effects of climate change, by changing the business and activities of Water Customers, or by decreasing the availability of water supplies to Sonoma Water. See “SONOMA WATER AND THE WATER TRANSMISSION SYSTEM – Drought and Response.”

Insurance

Sonoma Water has covenanted in the Ordinance that it will at all times maintain such insurance on the Water 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. No assurance can be given as to the adequacy of any such insurance to fund necessary repair or replacement of any other portion of the Water Transmission System. Significant damage to the Water Transmission System could cause Sonoma Water to be unable to generate sufficient Net Revenues to pay principal of and interest on the Bonds when due. See “APPENDIX B – AUDITED FINANCIAL STATEMENTS OF SONOMA WATER FOR THE FISCAL YEAR ENDED JUNE 30, 2021, Note O, Risk Management” for further information.

Limited Recourse on Default

If Sonoma Water defaults on its obligation to pay debt service on the Bonds, the Trustee, has the right to 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 the Ordinance or in the Bonds to the contrary notwithstanding. However, in the event of a default and such acceleration there can be no assurance that Sonoma Water will have sufficient Net Revenues to pay the accelerated Bonds.

Limited Obligation

Neither the full faith and credit nor the taxing power of Sonoma Water is pledged to the payment of the 2022 Bonds or interest thereon. The 2022 Bonds are not secured by a legal or equitable pledge of, or charge, or lien, or encumbrance upon, any of the property of Sonoma Water or any of its income or receipts, except the Net revenues of the Water Transmission System and the amounts on deposit under the ordinance to the extent provided in the Ordinance.

Loss of Tax-Exemption

As discussed under the caption "TAX MATTERS," interest on the 2022 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the 2022 Bonds were issued, as a result of future acts or omissions of Sonoma Water in violation of its covenants in the Ordinance. Should such an event of taxability occur, the 2022 Bonds are not subject to special redemption and will remain Outstanding until maturity or until redeemed under other provisions set forth in the Ordinance.

Proposition 218

General. On November 5, 1996, the voters of the State approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIC and XIID to the State Constitution, which affect the ability of local governments to levy and collect both existing and future taxes, assessments, fees and charges. Proposition 218, which generally became effective on November 6, 1996, changed, among other things, the procedure for the imposition of any new or increased "fee" or "charge," which is defined as "any levy other than an ad valorem tax, a special tax or an assessment, imposed by a [local government] upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service" (and referred to herein as a "property-related fee or charge").

Specifically, Article XIID requires that, before any property-related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The municipality must then hold a hearing upon the proposed imposition or increase at least 45 days after the written notice is mailed, and, if written protests against the proposal are presented by a majority of the owners of the identified parcels, the municipality may not impose or increase the property-related fee or charge.

Further, revenues derived from a property-related fee or charge may not exceed the funds required to provide the "property-related service" and may not be used for any purpose other than that for which the fee or charge was imposed. Further, the amount of a property-related fee or charge may not exceed the proportional cost of the service attributable to the parcel, and no

property-related fee or charge may be imposed for a service unless that service is actually used by, or is immediately available to, the owner of the property in question.

Judicial Interpretation of Proposition 218. Since Proposition 218 was enacted in 1996, appellate court cases and an Attorney General opinion have indicated that fees and charges levied for water and wastewater services are not property-related fees and charges and thus are not subject to the above described requirements regarding notice, hearing and protests in connection with any increase in the fees and charges being imposed.

However, in *Richmond v. Shasta Community Services District* (9 Cal. Rptr. 3rd 121), the California Supreme Court addressed the applicability of the notice, hearing and protest provisions of Article XIIID to certain charges related to water service. In *Richmond*, the Court held that connection charges are not subject to Proposition 218. The Court also indicated in dicta that a fee for ongoing water service through an existing connection could, under certain circumstances, constitute a property-related fee and charge, with the result that a local government imposing such a fee and charge must comply with the notice, hearing and protest requirements of Article XIIID.

In July 2004 the California Court of Appeal, Fourth District, held, in *Bighorn-Desert View Water Agency v. Beringson* (120 Cal. App 4th 890), that the costs of water services are not property related or incidents of property ownership because they are based on consumption and not on property ownership. The Court had reached this conclusion in an earlier decision in the *Bighorn* case, but the California Supreme Court had directed the California Court of Appeal to reconsider its decision in light of the *Richmond* case mentioned above. The California Supreme Court has granted a petition for hearing in the *Bighorn* case. The Commission is unable to predict when the California Supreme Court will hear the case, or what the outcome of that hearing will be.

Most recently, in *Howard Jarvis Taxpayers Association v. City of Fresno* (March 23, 2005), the California Court of Appeal, Fifth District concluded that water, sewer and trash fees are property-related fees subject to Proposition 218 and must comply with Article XIIID. The California Supreme Court denied the City of Fresno's petition for review of the Court of Appeal's decision on June 15, 2005.

Proposition 218 and Sonoma Water's Water Rates and its Customers' Water Service Charges. Sonoma Water believes that Proposition 218 does not apply to wholesale water charges established under its water supply agreements with its customers because these are contractual agreements with its customers, not "property-related" fees or charges imposed on end users or property owners. However, it is possible that some or all elements of Proposition 218 could be held to apply to retail water rates established by those customers, which are municipal water utilities that provide water to end users.

The provisions of Proposition 218 have not been fully interpreted by the courts. Sonoma Water is unable to predict how Article XIIIC and Article XIIID will be interpreted by the courts, including any ruling by the California Supreme Court on the *Bighorn* case, and what, if any, further implementing legislation will be enacted. There can be no assurance that Article XIIIC and Article XIIID will not be interpreted or amended to limit the ability of Sonoma Water's customers to impose, levy, charge and collect increased fees and charges for water sold to their end users and rate payers. The applicability of Article XIIIC and Article XIIID may depend on the particular rate structures of the individual water utilities.

Environmental Regulation

The kind and degree of water treatment is regulated, to a large extent, by the federal government and the State. Treatment standards set forth in federal and state law control the operations of the Water Transmission System and mandate its use of technology. If the federal government, acting through the Environmental Protection Agency, or the State, acting through the Department of Health Services, or additional federal or state legislation, should impose stricter water quality standards upon the Water Transmission System (either on purchased water or on groundwater), or if any of Sonoma Water's collector wells were to be considered to be under the influence of surface water (and therefore subject to regulations regarding surface water), Sonoma Water's expenses could increase accordingly and rates and charges would have to be increased to offset those expenses.

It is not possible to predict the direction which federal or state regulation will take with respect to drinking water quality standards, although it is likely that both will impose more stringent standards with attendant higher costs.

As noted earlier, Sonoma Water is subject to the provisions of a Biological Opinion issued by the National Marine Fisheries Service for the benefit of listed salmonid species in the Russian River. Although in effect until 2023, the Biological Opinion could be reopened by the National Marine Fisheries Service if the amount of "take" of salmonids exceeds the amount specified in the Biological Opinion, or if the National Marine Fisheries Service discovers new information indicating Sonoma Water's operations could affect salmonids in a manner or to an extent not previously considered. Changes to the Biological Opinion could affect the amount of water Sonoma Water could divert for delivery to its customers.

Cyber Security

Sonoma Water, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, Sonoma Water is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that Sonoma Water's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of Sonoma Water, or the administration of the Bonds. Sonoma Water is also reliant on other entities and service providers in connection with the administration of the Bonds, including without limitation the Trustee. No assurance can be given that Sonoma Water and these other entities will not be affected by cyber threats and attacks in a manner that may affect the owners of the Bonds.

Sonoma Water, like most public and private enterprises, experiences routine attempts to compromise our computer systems. Most commonly this takes the form of unsuccessful email phishing attempts and routine firewall probes. In the past five years, there has only been one cyber security incident. This incident resulted in a malicious actor using a compromised account to send automated emails. The compromise was detected the same day, and after a comprehensive response and security review, new technical and process controls were implemented to prevent repeated exploits. Sonoma Water, in partnership with Sonoma County Information Systems Department, has since implemented a comprehensive employee cyber security training program and regularly invests in improvements to our technical and process-based cyber security controls.

Rate Covenant Not a Guarantee

The Bonds are payable from and secured by a pledge of and lien upon Net Revenues of the Water Transmission System. See the caption See “SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS – Rate Covenants.” Sonoma Water’s ability to pay debt service on the Bonds depends on its ability to generate Net Revenues at the levels required by the Ordinance. Although Sonoma Water has covenanted in the Ordinance to impose rates and charges as more particularly described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS – Rate Covenants,” and although Sonoma Water expects that sufficient Net Revenues will be generated through the imposition and collection of such rates and charges, there is no assurance that the imposition and collection of such rates and charges will result in the generation of Net Revenues in amounts that are sufficient to pay the debt service on the Bonds when due. Among other matters, the availability of and demand for water and changes in law and government regulations could adversely affect the amount of Net Revenues realized by Sonoma Water. The failure to generate sufficient Net Revenues to pay the debt service on the Bonds when due does not constitute a default or Event of Default under the Ordinance, provided that Sonoma Water has set rates and charges at levels that it reasonably expects will generate sufficient Net Revenues at the beginning of each Fiscal Year.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the 2022 Bonds or, if a secondary market exists, that any 2022 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2022 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that Sonoma Water comply with all requirements of the Internal Revenue Code of 1986, as amended (the “**Tax Code**”) that must be satisfied subsequent to the issuance of the 2022 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. Sonoma Water has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2022 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2022 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes “original issue discount” for purposes of federal income taxes and State personal income taxes. If the initial offering price to the public at which a 2022 Bond is sold

is greater than the amount payable at maturity thereof, then such difference constitutes “original issue premium” for purposes of federal income taxes and State personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2022 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2022 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2019 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2022 Bonds who purchase the 2022 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2022 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2022 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such 2022 Bonds is sold to the public.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of a 2022 Bond (said term being the shorter of the 2019 Bond’s maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2022 Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2022 Bond is amortized each year over the term to maturity of the 2022 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2022 Bond premium is not deductible for federal income tax purposes. Owners of premium 2022 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State personal income tax and federal income tax consequences of owning such 2022 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2022 Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2022 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2022 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the 2022 Bonds, or as to the consequences of owning or receiving interest on the 2022 Bonds, as of any future date. Prospective purchasers of the 2022 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the 2022 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2022 Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the 2022 Bonds, the ownership, sale or disposition of the 2022 Bonds, or the amount, accrual or receipt of interest on the 2022 Bonds.

CERTAIN LEGAL MATTERS

Jones Hall, A Professional Law Corporation, Bond Counsel, will render an opinion with respect to the validity of the 2022 Bonds, the form of which opinion is set forth in APPENDIX E. Certain legal matters will also be passed upon for Sonoma Water by Jones Hall, as Disclosure Counsel. Certain legal matters will be passed upon for Sonoma Water by the Office of County Counsel. Payment of the fees and expenses of Bond Counsel and Disclosure Counsel is contingent upon the issuance and delivery of the 2022 Bonds.

LITIGATION

No litigation is pending or threatened concerning the validity of the 2022 Bonds. Sonoma Water is not aware of any litigation pending or threatened questioning the political existence of Sonoma Water or contesting Sonoma Water's power to fix water rates and charges, or the power of the Board or in any way questioning or affecting:

- (i) the proceedings under which the 2022 Bonds are to be issued;
- (ii) the validity of any provision of the 2022 Bonds or the Ordinance;
- (iii) the pledge of Net Revenues by Sonoma Water under the Ordinance; or
- (iv) the titles to office of the present members of the Board.

There are a number of suits and claims pending against Sonoma Water, which may include personal injury, wrongful death and other suits and claims against which Sonoma Water may self-insure. The aggregate amount of the self-insured liabilities of Sonoma Water which may result from such suits and claims will not, in the opinion of Sonoma Water, materially impair the ability of Sonoma Water to pay principal of or interest on the 2022 Bonds as the same become due.

There is no litigation pending, with service of process having been accomplished, against Sonoma Water which if determined adversely to Sonoma Water would, in the opinion of Sonoma Water, materially impair the ability of Sonoma Water to pay principal of and interest on the 2022 Bonds as they become due.

RATING

S&P Global Ratings ("**S&P**") has assigned its municipal bond rating of "____" to the 2022 Bonds. Future events, including the impacts of the COVID-19 pandemic on Sonoma Water, could have an adverse impact on the rating of the 2022 Bonds, and there is no assurance that any credit

rating that is given to the 2022 Bonds will be maintained for any period of time or that a rating may not be qualified, downgraded, lowered or withdrawn entirely by S&P, if, in its judgment circumstances so warrant, nor can there be any assurance that the criteria required to achieve the ratings on the 2022 Bonds will not change during the period that the 2022 Bonds remain outstanding.

Any qualification, downward revision, lowering or withdrawal of the rating on the 2022 Bonds may have an adverse effect on the market price of the 2022 Bonds. The rating reflects only the views of S&P, and an explanation of the significance of the rating, and any outlook assigned to or associated with the rating, should be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. Sonoma Water has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement).

In providing a rating on the 2022 Bonds, S&P may have performed independent calculations of coverage ratios using its own internal formulas and methodology, which may not reflect the provisions of the Ordinance. Sonoma Water makes no representations as to any such calculations, and such calculations should not be construed as a representation by Sonoma Water as to past or future compliance with any financial covenants, the availability of particular revenues for the payment of debt service or for any other purpose.

Sonoma Water has covenanted in the Continuing Disclosure Agreement to file notices of any rating changes on the 2022 Bonds with Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("**EMMA**") system. See the caption "CONTINUING DISCLOSURE" and Appendix C. Notwithstanding such covenant, information relating to rating changes on the 2022 Bonds may be publicly available from the rating agencies prior to such information being provided to Sonoma Water and prior to the date by which Sonoma Water is obligated to file a notice of rating change. Purchasers of the 2022 Bonds are directed to S&P and its website and official media outlets, for the most current ratings with respect to the 2022 Bonds after their initial sale and delivery. No information on such websites or outlets are incorporated herein by reference.

CONTINUING DISCLOSURE

Sonoma Water has covenanted in its continuing disclosure agreement for the benefit of the holders and beneficial owners of the 2022 Bonds to provide certain financial information and other operating data on an annual basis no later than the date that is nine months after the end of Sonoma Water's fiscal year (currently March 31 based on Sonoma Water's fiscal year end of June 30), commencing on March 31, 2023, and to provide notice of certain enumerated events as required by Securities Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**"). The specific nature of the information to be contained in the annual report or the notices of enumerated events is summarized under the caption "APPENDIX C – FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants have been made to assist the Purchaser in complying with the Rule.

Sonoma Water has adopted continuing disclosure policies and procedures to ensure that it will comply with all material provisions of its continuing disclosure undertakings in the future.

Any failure by Sonoma Water to comply with the provisions of its Continuing Disclosure Agreement will not constitute a default under the Ordinance (although owners of the 2022 Bonds will have any remedy available at law or in equity as provided in the Continuing Disclosure

Agreement). Nevertheless, such a failure to comply must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2022 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2022 Bonds.

Sonoma Water previously entered into numerous disclosure undertakings under the Rule in connection with its issuance of long-term obligations. Sonoma Water is not aware of any instances in the past five years of any material failures by it to comply with its continuing disclosure undertakings under the Rule. [KNN to provide update/confirm]

Sonoma Water's Board acts as the governing board of certain other sanitation districts, including the South Park County Sanitation District. In connection with the incurrence of long-term obligations of the South Park County Sanitation District in connection with the issuance of bonds by the California Statewide Communities Development Authority in 2005, Sonoma Water entered into a disclosure undertaking under the Rule (the "**South Park County Sanitation District Undertaking**"). Sonoma Water believes it has not failed to comply in all material aspects with any previous undertakings relating to any such sanitation districts in the past five years, except that on at least two occasions Sonoma Water failed to include certain operating data in the annual reports required under the South Park County Sanitation District Undertaking. [KNN to provide update/confirm]

UNDERWRITING

The 2022 Bonds were sold at competitive sale held on _____, 2022, and were awarded to _____ (the "**Purchaser**"), whose proposal represented the lowest true interest rate for the 2022 Bonds. The 2022 Bonds are being purchased by the Purchaser at a purchase price of \$_____, which represents the aggregate principal amount of the 2022 Bonds (\$_____), plus net original issue premium of \$_____ less a purchaser's discount of \$_____.

The Purchaser will be obligated to take and pay for all of the 2022 Bonds if any are taken. The Purchaser intends to offer the 2022 Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. After the initial public offering, the public offering price may be varied from time to time by the Purchaser.

MUNICIPAL ADVISOR

KNN Public Finance, LLC has served as Municipal Advisor to Sonoma Water with respect to the sale of the 2022 Bonds. The Municipal Advisor has assisted in various matters relating to the planning, structuring and sale of the 2022 Bonds. The Municipal Advisor has not independently verified any of the data contained in the Official Statement or conducted a detailed investigation of the affairs of Sonoma Water to determine the accuracy or completeness of the Official Statement. The payment of the Municipal Advisor's fees for services rendered with respect to the sale of the 2022 Bonds is contingent upon the issuance and delivery of the 2022 Bonds.

EXECUTION

The execution of this Official Statement and its delivery have been authorized by the Board of Sonoma Water.

SONOMA COUNTY WATER AGENCY

By: _____
Grant Davis,
General Manager

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF SONOMA WATER
FOR FISCAL YEAR ENDED JUNE 30, 2021**

APPENDIX C

FORM OF CONTINUING DISCLOSURE AGREEMENT

[\$[PAR]]
SONOMA COUNTY WATER AGENCY
WATER REVENUE BONDS, 2022 SERIES A

This Disclosure Dissemination Agent Agreement (the “Disclosure Agreement”), dated as of _____, 2022, is executed and delivered by the Sonoma County Water Agency (the “Issuer”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the bonds captioned above (the “Bonds”) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“Annual Filing Date” means the date that is nine months after the end of the Agency’s fiscal year, or March 31 each year based on the Agency’s current fiscal year-end of June 30.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds captioned above and as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or

Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Representative” means Division Manager, Administrative Services Division, or his or her designee, or such other person as the Issuer designates in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

“Failure to File Event” means the Issuer’s failure to file an Annual Report on or before the Annual Filing Date.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

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

“Information” means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“Official Statement” means that Official Statement dated June 13, 2019, prepared by the Issuer in connection with the issuance and sale of the Bonds.

“Trustee” means U.S. Bank Trust Company, National Association., or any successor institution appointed and acting as trustee for the Bonds.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent not later than the Annual Filing Date, commencing March 31, 2023. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the 15th day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit B, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event occurs and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

- (1) Principal and interest payment delinquencies;
- (2) Non-Payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, IRS notices or events affecting the tax status of the security;
- (7) Modifications to rights of securities holders, if material;
- (8) Bond calls, if material;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Tender Offers,
- (13) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (14) Merger, consolidation, or acquisition of the obligated person, if material;
- (15) Appointment of a successor or additional trustee, or the change of name of a trustee, if material;
- (16) Incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies,

priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect security holders, if material; and

- (17) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties.

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

- (1) “amendment to continuing disclosure undertaking;”
- (2) “change in obligated person;”
- (3) “notice to investors pursuant to bond documents;”
- (4) “certain communications from the Internal Revenue Service;”
- (5) “secondary market purchases;”
- (6) “bid for auction rate or other securities;”
- (7) “capital or other financing plan;”
- (8) “litigation/enforcement action;”
- (9) “change of tender agent, remarketing agent, or other on-going party;”
- (10) “derivative or other similar transaction;” and
- (11) “other event-based disclosures;”

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

- (1) “quarterly/monthly financial information;”
- (2) “change in fiscal year/timing of annual disclosure;”
- (3) “change in accounting standard;”
- (4) “interim/additional financial information/operating data;”
- (5) “budget;”

- (6) “investment/debt/financial policy;”
- (7) “information provided to rating agency, credit/liquidity provider or other third party;”
- (8) “consultant reports;” and
- (9) “other financial/operating data.”

(viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, which shall consist of updates to the following tables contained in the Official Statement, updated to reflect information as of the Issuer’s most recently completed fiscal year:

- (i) Table 2, Historical Water Deliveries
- (ii) Table 4, Largest Customers
- (iii) Table 6, Water Transmission System, Outstanding Long-Term Debt
- (iv) Table 7, Water Transmission System, Historical Debt Service Coverage
- (v) Table 8, Water Transmission System, Projected Debt Service Coverage

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles (“GAAP”) as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of Bond holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or

jurisdiction over substantially all of the assets or business of the Obligated Person.

- (13) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material; and
- (15) Incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties.

Note to subsections (a)(15) and (a)(16) of this Section 4: For purposes of Section 4(a)(15) and 4(a)(16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

The Issuer shall, in a timely manner not in excess of ten business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4,

together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event Disclosures and Voluntary Financial Disclosures, the Issuer shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section

7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon 30 days' written notice to the Disclosure Dissemination Agent, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing 30 days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver

the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee of the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of California (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By: _____

Name: _____

Title: _____

SONOMA COUNTY WATER AGENCY,
as Issuer

By: _____

Name: _____

Title: _____

**EXHIBIT A
NAME AND CUSIP NUMBERS OF BONDS**

Name of Issuer Sonoma County Water Agency

Obligated Person(s) Sonoma County Water Agency

Name of Bond Issues: Sonoma County Water Agency
 Water Revenue Bonds, 2022 Series A

Date of Issuance: _____, 2022

Date of Official Statement: _____, 2022

**2022 Series A Bonds
Base CUSIP:**

Maturity (July 1)	Principal Amount	CUSIP
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		

Name of Issuer	Sonoma County Water Agency
Obligated Person(s)	Sonoma County Water Agency
Name of Bond Issues:	Sonoma County Water Agency Water Revenue Bonds, 2022 Series A
Date of Issuance:	_____, 2022
Date of Disclosure Agreement:	_____,2022
CUSIP Number:	

Dated: _____

By: _____

**EXHIBIT C-1
EVENT NOTICE COVER SHEET**

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

Number of pages attached: _____

_____ Description of Notice Events (Check One):

1. _____ "Principal and interest payment delinquencies;"
2. _____ "Non-Payment related defaults, if material;"
3. _____ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. _____ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. _____ "Substitution of credit or liquidity providers, or their failure to perform;"
6. _____ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. _____ "Modifications to rights of securities holders, if material;"
8. _____ "Bond calls, if material;"
9. _____ "Defeasances;"
10. _____ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. _____ "Rating changes;"
12. _____ "Tender offers;"
13. _____ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14. _____ "Merger, consolidation, or acquisition of the obligated person, if material;"
15. _____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
16. _____ "Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material;" and
17. _____ "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties."

_____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date: _____

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of _____ between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

_____ Description of Voluntary Event Disclosure (Check One):

1. _____ "amendment to continuing disclosure undertaking;"
2. _____ "change in obligated person;"
3. _____ "notice to investors pursuant to bond documents;"
4. _____ "certain communications from the Internal Revenue Service;"
5. _____ "secondary market purchases;"
6. _____ "bid for auction rate or other securities;"
7. _____ "capital or other financing plan;"
8. _____ "litigation/enforcement action;"
9. _____ "change of tender agent, remarketing agent, or other on-going party;"
10. _____ "derivative or other similar transaction;" and
11. _____ "other event-based disclosures."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of _____ between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

_____ Description of Voluntary Financial Disclosure (Check One):

1. _____ "quarterly/monthly financial information;"
2. _____ "change in fiscal year/timing of annual disclosure;"
3. _____ "change in accounting standard;"
4. _____ "interim/additional financial information/operating data;"
5. _____ "budget;"
6. _____ "investment/debt/financial policy;"
7. _____ "information provided to rating agency, credit/liquidity provider or other third party;"
8. _____ "consultant reports;" and
9. _____ "other financial/operating data."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

APPENDIX D

GENERAL INFORMATION REGARDING SONOMA COUNTY AND MARIN COUNTY

General

Sonoma County. One of California's original 27 counties (incorporated in 1850), Sonoma County is the northernmost of the nine greater San Francisco Bay Area counties. Bordered on the north and east by Mendocino, Lake, and Napa counties and to the west and south by the Pacific Ocean, Marin County, and San Pablo Bay, its area encompasses 1,598 square miles. Varied terrain in Sonoma County includes Pacific coastline, the Russian River, vineyards, and old growth redwoods. Sonoma County is the original home of wine production in northern California and still the largest producer of quality wine.

Geographically, Sonoma County is divided almost equally into mountainous regions, rolling hills and valley land. Three narrow valleys, separated by mountains, run northwest to southeast. Elevations range from sea level to 4,262 feet at Mt. Saint Helena, where Sonoma, Napa, and Lake counties converge.

Marin County. Marin County is one of the original counties of California, created in 1850 at the time of statehood. Marin County has a total area of 828 miles and, as of January 1, 2013, a population of approximately 254,007. Geographically, Marin County forms a large, southward-facing peninsula, with the Pacific Ocean to the west, San Pablo Bay and San Francisco Bay to the east, and – across the Golden Gate Bridge – the City and County of San Francisco to the south. Marin County's northern border is with Sonoma County. Most of Marin County's population resides on the eastern side, with a string of communities running along the Bay, from Sausalito to Tiburon to San Rafael to Corte Madera. The interior contains large areas of agricultural and open space; West Marin, through which California State Route 1 runs alongside the California coast, contains many small unincorporated communities dependent on agriculture and tourism for their economies.

Population

The historic population estimates of the cities that are in Marin County and Sonoma County and the State, as of January 1 of the past five years, are shown in the following tables.

MARIN COUNTY, SONOMA COUNTY AND STATE OF CALIFORNIA Population Estimates

Year	Sonoma County	Marin County	State of California
2017	503,405	262,695	39,352,398
2018	500,485	262,179	39,519,535
2019	495,919	261,478	39,605,361
2020	491,354	260,388	39,648,938
2021	484,207	257,774	39,466,855

Source: California State Department of Finance, Demographic Research Unit

Employment and Industry

The unemployment rate in Sonoma County was 3.5% in December 2021, down from a revised 3.7% in November 2021, and below the year-ago estimate of 6.6%. This compares with an unadjusted unemployment rate of 5.0% for California and 3.7% for the nation during the same period.

The following table shows the average annual estimated numbers by industry comprising the civilian labor force, as well as unemployment information for years 2016 through 2020.

**SANTA ROSA MSA
(Sonoma County)
Civilian Labor Force, Employment and Unemployment,
Annual Averages, 2016 through 2020
(March 2020 Benchmark)**

	2016	2017	2018	2019	2020
Civilian Labor Force ^[1]	259,200	259,900	260,600	257,100	245,100
Employment	248,900	251,100	253,300	250,000	225,800
Unemployment	10,300	8,800	7,300	7,100	19,300
Unemployment Rate	4.0%	3.4%	2.8%	2.7%	7.9%
<u>Wage and Salary Employment ^[2]</u>					
Agriculture	6,100	6,100	6,700	6,600	6,200
Mining and Logging	200	200	200	200	200
Construction	12,400	13,100	15,200	16,500	15,900
Manufacturing	22,700	23,000	23,400	23,400	22,200
Wholesale Trade	7,300	7,400	7,500	7,600	7,400
Retail Trade	25,000	25,100	24,900	24,200	22,600
Transportation, Warehousing and Utilities	4,200	4,000	4,100	4,200	4,100
Information	2,700	2,700	2,700	2,600	2,300
Finance and Insurance	5,200	5,200	4,900	4,700	4,500
Professional and Business Services	21,200	22,100	23,200	23,400	22,500
Educational and Health Services	33,000	34,100	34,800	35,800	34,100
Leisure and Hospitality	25,400	25,700	25,700	25,800	18,400
Other Services	7,200	7,200	7,100	7,100	5,900
Federal Government	1,300	1,400	1,300	1,300	1,400
State Government	5,000	4,800	4,400	3,800	3,300
Local Government	26,000	26,100	25,400	24,400	22,300
Total, All Industries ^[3]	208,100	211,700	215,400	215,600	196,400

[1] Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

[2] Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

[3] Totals may not add due to rounding.

Source: State of California Employment Development Department.

The unemployment rate in Marin County was 2.7% in December 2021, down from a revised 2.9% in November 2021, and below the year-ago estimate of 5.6%. This compares with an unadjusted unemployment rate of 5.0% for California and 3.7% for the nation during the same period.

The following table shows civilian labor force data and wage and salary employment data for Marin County for the years 2016 through 2020.

MARIN COUNTY
Civilian Labor Force, Employment and Unemployment
Annual Averages, 2016 through 2020
(March 2020 benchmark)

	2016	2017	2018	2019	2020
Civilian Labor Force ^[1]	139,600	139,700	139,700	138,600	130,100
Employment	135,000	135,700	136,300	135,300	121,500
Unemployment	4,600	4,000	3,400	3,300	8,700
Unemployment Rate	3.3%	2.9%	2.4%	2.4%	6.7%
<u>Wage and Salary Employment:</u> ^[2]					
Agriculture	300	300	300	400	400
Manufacturing	4,500	4,900	5,100	5,300	5,100
Wholesale Trade	2,500	2,500	2,300	2,300	2,100
Retail Trade	14,400	14,600	14,800	14,700	13,700
Transportation, Warehousing & Utils	1,300	1,300	1,300	1,300	1,400
Information	2,900	2,700	2,700	2,600	2,500
Financial Activities	6,000	5,600	5,500	5,400	5,300
Professional and Business Services	18,000	17,600	17,700	18,200	17,300
Educational and Health Services	20,600	21,000	21,000	21,100	19,200
Leisure and Hospitality	16,100	16,500	16,200	16,000	11,300
Other Services	5,500	5,700	5,700	5,700	4,800
Federal Government	700	700	700	600	700
State Government	2,000	2,000	2,000	2,000	2,000
Local Government	12,900	13,100	13,300	13,200	12,100
Total All Industries ^[3]	114,300	115,500	116,400	116,600	105,100

[1] Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

[2] Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

[3] Totals may not add due to rounding.

Source: State of California Employment Development Department.

Major Employers

The major employers in Sonoma County and Marin County are set forth below.

SONOMA COUNTY Major Employers (As of February 2022)

Employer Name	Location	Industry
Aabalat Fine & Rare Wines	Petaluma	Wineries (mfrs)
Amy's Kitchen Inc	Santa Rosa	Frozen Food Processors (mfrs)
Army National Guard Recruiter	Santa Rosa	Government Offices-State
Fairmont Sonoma Msn Inn & Spa	Sonoma	Hotels & Motels
Flex Products Inc	Santa Rosa	Coatings-Vacuum Deposition (mfrs)
Ghilotti Construction	Santa Rosa	Excavating Contractors
Kaiser Permanente Santa Rosa	Santa Rosa	Hospitals
La Torilla Factory	Santa Rosa	Factory Outlets
Macy's	Santa Rosa	Department Stores
Medtronic Inc	Santa Rosa	Surgical Instruments-Manufacturers
Mendocino Forest Products Co	Santa Rosa	Lumber-Wholesale
Petaluma Valley Hospital	Petaluma	Hospitals
Press Democrat	Santa Rosa	Newspapers (publishers/Mfrs)
Protransport-1	Cotati	Transportation Services
Santa Rosa Memorial Hospital	Santa Rosa	Hospitals
Santa Rosa Police Dept	Santa Rosa	Police Departments
Solairus Aviation	Petaluma	Aircraft Charter Rental & Leasing Svc
Sonoma County Dept-Fire	Santa Rosa	Fire Departments
Sonoma County Office of Edu	Santa Rosa	County Government-Education Programs
Sonoma County Sheriff	Santa Rosa	Government Offices-County
Sonoma Developmental Ctr	Eldridge	Hospitals
Sutter Santa Rosa Regl Hosp	Santa Rosa	Hospitals
US Coast Guard	Petaluma	Federal Government-National Security
Walmart	Windsor	Department Stores
Walmart	Rohnert Park	Department Stores

Source: State of California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2022 1st Edition.

**MARIN COUNTY
Major Employers
(As of February 2022)**

Employer Name	Location	Industry
Autodesk Inc	San Rafael	Computer Programming Services
Bay Equity	Sausalito	Real Estate Loans
Biomarin Pharmaceutical Inc	San Rafael	Laboratories-Research & Development
Brayton Purcell LLP	Novato	Attorneys
Cagwin & Dorward	Novato	Landscape Contractors
California Alpine Club	Mill Valley	Clubs
College of Marin	Kentfield	Schools-Universities & Colleges Academic
Community Action Marin	San Rafael	Non-Profit Organizations
Corrections Dept	San Quentin	Government Offices-State
Glassdoor Inc	Mill Valley	Website Hosting
Kaiser Permanente Novato Med	Novato	Clinics
Kaiser Permanente Sn Rafael MD	San Rafael	Hospitals
Macy's	Corte Madera	Department Stores
Managed Health Network LLC	San Rafael	Health Plans
Marin County Public Works Dept	San Rafael	Public Works Department
Marin County Sheriff's Dept	San Rafael	Government Offices-County
Marin Independent Journal	San Rafael	Newspapers (publishers/Mfrs)
Marinhealth Medical Ctr	Greenbrae	Hospitals
Nordstrom	Corte Madera	Department Stores
RH (restoration Hardware)	Corte Madera	Furniture-Dealers-Retail
San Rafael Human Resources	San Rafael	Government Offices-City/Village & Twp
Sutter Care At Home-Marin	Novato	Home Health Service
Township Building Svc Inc	Novato	Janitor Service
Westamerica Bancorporation	San Rafael	Holding Companies (bank)
Y Ymca San Francisco	San Rafael	Youth Organizations & Centers

Source: State of California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2022 1st Edition.

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the Counties, the State and the United States for the period 2018 through 2022.

MARIN COUNTY AND SONOMA COUNTY Effective Buying Income As of January 2018 through 2022

<u>Year</u>	<u>Area</u>	<u>Total Effective Buying Income (000's Omitted)</u>	<u>Median Household Effective Buying Income</u>
2018	Marin County	\$14,293,951	\$85,923
	Sonoma County	16,179,391	62,413
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	Marin County	\$14,837,382	\$88,348
	Sonoma County	17,456,950	68,021
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	Marin County	\$15,543,159	\$94,399
	Sonoma County	18,287,988	71,696
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303
2021	Marin County	\$16,277,172	\$101,513
	Sonoma County	18,458,339	73,196
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790
2022	Marin County	\$16,588,577	\$103,880
	Sonoma County	21,216,228	83,997
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448

Source: The Nielsen Company (US), Inc for year 2018; Claritas, LLC for 2019 through 2022.

Commercial Activity

A summary of historic taxable sales within Sonoma County during the past five years in which data is available is shown in the following table. Total taxable sales during the first three quarters of calendar year 2021 in the County of Sonoma were reported to be \$8,313,121,251, a 17.70% increase over the total taxable sales of \$7,062,756,315 reported during the first three quarters of calendar year 2020.

SONOMA COUNTY Taxable Transactions Calendar Years 2016 through 2020 (\$s in thousands)

	Retail Stores		Total All Outlets	
	Numbers of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2016	11,381	\$6,348,476	20,378	\$9,002,536
2017	11,366	6,679,426	20,533	9,393,597
2018	11,366	6,778,629	21,096	9,985,463
2019	11,392	7,096,111	21,498	10,059,482
2020	11,772	6,857,596	22,668	9,851,112

Source: State Department of Tax and Fee Administration.

A summary of historic taxable sales within Marin County during the past five years in which data is available is shown in the following table. Total taxable sales during the first three quarters of calendar year 2021 in Marin County were reported to be \$4,513,331,092, a 22.83% increase over the total taxable sales of \$3,674,381,281 reported during the first three quarters of calendar year 2020. Annual figures are not yet available for calendar year 2021.

MARIN COUNTY Taxable Transactions Calendar Years 2016 through 2020 (\$s in thousands)

<u>Year</u>	<u>Retail Permits on July 1</u>	<u>Retail Stores Taxable Transactions</u>	<u>Total Permits on July 1</u>	<u>Total Outlets Taxable Transactions</u>
2016	6,059	\$3,855,662	10,941	\$5,045,785
2017	6,036	3,903,138	10,899	5,147,808
2018	6,027	4,144,299	11,199	5,393,565
2019	6,057	4,174,455	11,373	5,492,089
2020	6,321	3,935,058	12,032	5,142,991

Source: State Department of Tax and Fee Administration.

Construction Activity

Building activity for the years 2016 through 2020 in Sonoma County and Marin County is shown in the following tables. Annual figures are not yet available for calendar year 2021.

SONOMA COUNTY Total Building Permit Valuations (Figures in Thousands)

	2016	2017	2018	2019	2020
<u>Permit Valuation</u>					
New Single-family	\$112,941.1	\$202,169.1	\$1,071,852.3	\$527,761.2	\$259,578.5
New Multi-family	26,149.2	46,674.0	127,743.3	117,333.8	100,949.9
Res. Alterations/Additions	<u>71,079.1</u>	<u>97,326.9</u>	<u>96,590.5</u>	<u>93,045.0</u>	<u>111,109.8</u>
Total Residential	210,169.4	346,170.0	1,296,186.1	738,140.0	471,638.2
 New Commercial	 93,462.5	 79,737.8	 115,146.2	 60,246.4	 60,122.5
New Industrial	156.4	759.6	1,277.3	199.0	4,360.0
New Other	19,225.1	25,572.7	124,238.1	28,466.1	74,321.3
Com. Alterations/Additions	<u>79,943.6</u>	<u>99,102.9</u>	<u>92,847.3</u>	<u>97,259.2</u>	<u>108,262.5</u>
Total Nonresidential	192,787.6	205,173.0	333,518.9	186,170.7	247,066.3
 <u>New Dwelling Units</u>					
Single Family	560	881	3,247	1,722	1,038
Multiple Family	<u>264</u>	<u>351</u>	<u>1,057</u>	<u>1,056</u>	<u>778</u>
TOTAL	824	1,232	4,304	2,778	1,816

Source: Construction Industry Research Board, Building Permit Summary.

MARIN COUNTY Total Building Permit Valuation (Figures in Thousands)

	2016	2017	2018	2019	2020
<u>Permit Valuation</u>					
New Single-family	\$62,804.2	\$86,748.2	\$94,556.2	\$115,771.9	\$41,431.0
New Multi-family	7,869.8	0.0	23,600.0	13,650.2	350.0
Res. Alterations/Additions	<u>194,743.0</u>	<u>194,772.0</u>	<u>180,662.3</u>	<u>202,353.8</u>	<u>145,529.5</u>
Total Residential	265,417.0	281,520.2	298,818.5	331,775.9	187,310.50
 New Commercial	 17,564.0	 24,300.5	 32,219.2	 68,717.0	 8,062.8
New Industrial	0.0	0.0	1,125.0	0.0	0.0
New Other	54,015.5	35,898.9	53,086.9	24,009.6	20,173.1
Com. Alterations/Additions	<u>69,437.8</u>	<u>65,867.0</u>	<u>69,619.1</u>	<u>150,484.0</u>	<u>22,409.2</u>
Total Nonresidential	141,017.3	126,066.4	156,050.20	243,210.60	50,645.10
 <u>New Dwelling Units</u>					
Single Family	89	104	133	130	97
Multiple Family	<u>17</u>	<u>0</u>	<u>102</u>	<u>86</u>	<u>3</u>
TOTAL	106	104	235	216	100

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX E
FORM OF BOND COUNSEL OPINION

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

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

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

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as

possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

\$ _____ *

**Sonoma County Water Agency
Water Revenue Bonds,
2022 Series A**

OFFICIAL NOTICE OF SALE

NOTICE IS HEREBY GIVEN that electronically submitted proposals will be received by the Sonoma County Water Agency ("Sonoma Water") on

_____ day, May ___, 2022,

at the hour of 8:30 a.m., California time, for the purchase of the water revenue bonds captioned above (the "Bonds") to be issued under Ordinance No. 1 of Sonoma Water adopted on December 28, 1970, as heretofore supplemented and amended and as supplemented by an Eleventh Supplemental Ordinance of Sonoma Water passed and adopted on _____, 2022 (as amended and supplemented, the "Master Ordinance").

Sonoma Water reserves the right to postpone the public sale of the Bonds to a later date or different time by announcing such postponement through Thomson Municipal News on Thomson Municipal Market Monitor (www.TM3.com) (the "News Service") not later than 1:00 p.m. (California time) on the day before the date bids are to be received. If no legal bid or bids are received for the Bonds on said date (or such later date as is established as provided herein) at the time specified, bids will be received for the Bonds on such other date and at such other time as shall be designated through the News Service. Potential bidders will be notified via the News Service not later than 1:00 p.m. (California time) on the day prior to the date bids are to be received of any change to the principal payment schedule for the Bonds to be utilized for the bidding process. As an accommodation to bidders, telephonic, telecopied or emailed notice of the postponement of the sale date or dates or of a change in the principal payment schedule will be given to any bidder that has requested such notice from Sonoma Water's Municipal Advisor:

KNN Public Finance, LLC
2054 University Avenue, Suite 300
Berkeley, CA 946704
Attn.: Bobby Cheung (Phone - (510) 208-8214) or
Grant Carson (Phone - (510) 208-8212)

Failure of any bidder to receive such telephonic, telecopied or emailed notice shall not affect the legality of the sale.

Bidders are referred to the Preliminary Official Statement dated _____, 2022 (the "Preliminary Official Statement") for additional information regarding Sonoma Water, the Bonds

* Preliminary, subject to change.

and the security therefor, the use of proceeds of the Bonds, and other matters. See "**TERMS OF SALE - OFFICIAL STATEMENT**" below.

TERMS RELATING TO THE BONDS

Important Note: This notice will be submitted to i-Deal LLC ("i-Deal") for posting at the TM3 website and in the Parity bid delivery system. In the event i-Deal's summary of the terms of sale of the Bonds disagrees with this Official Notice of Sale in any particulars, the terms of this Official Notice of Sale (as amended, if necessary with notice of any amendment hereto to be given as described above) shall control.

SERIES: \$ _____* aggregate principal amount of Bonds are being executed and delivered as fully registered Bonds in denominations of \$5,000 or multiples thereof, provided that no Bond shall represent principal maturing on more than one maturity date, all dated the date of delivery thereof.

DELIVERY AND PAYMENT: Delivery of the Bonds will be made to the Purchaser through DTC and is expected to occur on _____, 2022 (the "Closing Date"). Payment for the Bonds must be made in immediately available funds. Any expense of providing immediately available funds, whether by transfer of Federal Reserve Bank funds or otherwise, shall be borne by the Purchaser.

INTEREST RATE; PREMIUM OR DISCOUNT BIDS: Interest is payable on January 1, 2023, and semiannually thereafter on January 1 and July 1 of each year. Bidders must specify the rate or rates of interest that the Bonds hereby offered for sale shall bear and an aggregate purchase price. Bidders will be permitted to bid different rates of interest; but:

(i) each interest rate specified in any bid must be in a multiple of one-eighth or one-twentieth of one percent per annum and a zero rate of interest cannot be specified;

(ii) no Bond may bear more than one rate of interest;

(iii) no rate of interest shall exceed 5.00% per annum;

(iv) each Bond shall bear interest from its dated date to its stated payment date at the interest rate specified in the bid; and

(v) premium bids must be paid as part of the purchase price, and no bid will be accepted which contemplates the waiver of any interest or other concession by the bidder as substitute for payment in full of the purchase price.

Bidders may not bid a price of less than 100% of the aggregate principal amount of the Bonds. Bids that do not conform to the terms of this section may be rejected. See "**TERMS OF SALE - RIGHT OF REJECTION**" below. Sonoma Water reserves the right to modify or amend the terms of the sale prior to the time bids are received and to waive any irregularity in bids received.

* Preliminary, subject to change.

BOOK-ENTRY ONLY: The Bonds shall be executed and delivered in registered form by means of a book-entry system with no distribution of the Bonds made to the public. One Bond representing each Bond maturity date and interest rate will be executed and delivered to The Depository Trust Company (“DTC”), registered in the name of Cede & Co., its nominee. The book-entry system will evidence ownership of the Bonds in the principal amount of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC.

PAYMENT OF DTC FEES: Sonoma Water will submit or cause to be submitted all requisite documents to DTC for DTC-eligibility purposes. However, the successful bidder (the “Purchaser”) will be responsible for payment of all fees charged by DTC.

MATURITY*: The Bonds shall mature on July 1 in each of the years, and in the amounts, as follows:

Year (July 1)	Amount*
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	
2036	
2037	
2038	
2039	
2040	
2041	
2042	
2043	
2044	
2045	
2046	
2047	
Total	

ADJUSTMENT OF PRINCIPAL PAYMENTS: The principal amounts set forth in this Official Notice of Sale reflect certain estimates of Sonoma Water with respect to the likely interest rates of the winning bid and the premium and underwriting discount contained in the winning bid.

* Preliminary, subject to change.

Potential bidders will be notified via the News Service not later than 1:00 p.m. (California time) on the business day prior to the date bids are to be received of any change to the principal payment schedule for the Bonds to be utilized for the bidding process. The final maturity schedule will be designed so that the financing objectives of Sonoma Water will be met. Sonoma Water reserves the right to increase or decrease the aggregate principal amount of the Bonds following the submission of the bids. Each principal payment is subject to increase or decrease in \$5,000 increments, without limitation.

The Purchaser may not withdraw its bid or change its interest rates bid as a result of any changes made to the principal amounts. Subsequent to the adjustment of principal payments, the dollar amount of the purchase price will be changed so that the net compensation to the Purchaser (expressed as a percentage of the aggregate principal amount of Bonds) does not increase or decrease from what it would have been if no adjustment had been made to the principal amounts, taking into consideration the reoffering yields for the different maturities.

SERIAL BONDS AND/OR TERM BONDS: Bidders may provide that all the Bonds be executed and delivered as Serial Bonds or may provide that any one or more consecutive annual principal amounts be combined into one or more Term Bonds after the July 1, 20__ maturity.

REOFFERING PRICE CERTIFICATE AND ESTABLISHMENT OF ISSUE PRICE: Upon notification that it has submitted the winning bid, the Purchaser shall provide the initial offering prices at which it has offered or reasonably expects to offer all of the Bonds of each maturity to the general public (excluding bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering.

Prior to delivery of the Bonds, the Purchaser shall be required to provide to Sonoma Water a reoffering price certification in form and substance similar to either the certificate attached as Appendix A to the Official Bid Form, the certificate attached as Appendix B to the Official Bid Form, or the certificate attached as Appendix C to the Official Bid Form. In addition, based on reasonable requests of Bond Counsel, the Purchaser will provide information regarding its sales of the Bonds. For purposes of this paragraph, sales of the Bonds to other securities brokers or dealers will not be considered sales to the general public.

(b) Sonoma Water intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “competitive sale requirements”) because:

(1) Sonoma Water shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(2) all bidders shall have an equal opportunity to bid;

(3) Sonoma Water may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(4) Sonoma Water anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest overall true interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(c) If the competitive sale requirements are not satisfied, Sonoma Water shall so advise the Purchaser. In such event, Sonoma Water shall treat the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity unless the Purchaser has elected on the bid form to apply the "hold-the-offering price rule," as described below, in which case the initial offering price to the public as of the sale date of any maturity of the Bonds will be treated as the issue price of that maturity, in each case applied on a maturity-by-maturity basis. If the competitive sale requirements are not satisfied, the Purchaser shall advise Sonoma Water if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds, and if the Purchaser has elected to apply the hold-the-offering-price rule, the Purchaser shall notify Sonoma Water, within one hour of the time of award of the Bonds, which maturities of the Bonds satisfy the 10% test and which maturities shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation if the competitive sale requirements are not satisfied.

(d) By submitting a bid, the Purchaser shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the Purchaser and (ii) if the Purchaser has elected to use the hold-the-offering-price rule, the Purchaser agrees, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule applies to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the 5th business day after the sale date; or

(2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Purchaser shall promptly advise Sonoma Water when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the 5th business day after the sale date.

(e) If the competitive sale requirements are not satisfied, and the Purchaser does not elect to use the hold-the-offering-price rule, then until the 10% test has been satisfied as to each maturity of the Bonds, the Purchaser agrees to promptly report to Sonoma Water the prices at which such unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold.

(f) Sonoma Water acknowledges that, if the Purchaser has elected to use the hold-the-offering-price rule, in making the representation set forth above, the Purchaser will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) if a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) if an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. Sonoma Water further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(g) By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Purchaser that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Purchaser and as set forth in the related pricing wires, and

(ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Purchaser or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Purchaser or such underwriter and as set forth in the related pricing wires.

(h) Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with Sonoma Water (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date that the Bonds are awarded by Sonoma Water to the Purchaser.

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 Sonoma Water, as a whole or in part on any Business Day, in any order directed by Sonoma Water, and if Sonoma Water 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.

SECURITY: The Bonds are payable from the Net Revenues of the Transmission System, on a parity with the 2019 Series A Bonds, the 2015 Series A Bonds, the 2015 Series A-T Bonds (Federally Taxable), the State Revolving Fund Loan, and other Parity Obligations that Sonoma Water might hereafter issue pursuant to the Master Ordinance (as those terms are defined in the Preliminary Official Statement). For additional information regarding Sonoma Water, its Net Revenues and Parity Obligations, potential bidders should review the Preliminary Official Statement.

In addition, the payment of the principal of and interest with respect to the Bonds will be secured by amounts on deposit in the Reserve Account established under Master Ordinance as more fully described in the Preliminary Official Statement.

TAX-EXEMPT STATUS: On the Closing Date, Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, will deliver its opinion that, subject to certain qualifications described therein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax

* Preliminary, subject to change.

preference for purposes of the federal alternative minimum tax, and that such interest is exempt from California personal income taxes. See **"TAX MATTERS"** in the Preliminary Official Statement.

If, prior to the issuance of the Bonds, (i) the income received by private owners of bonds of the same type and character as the Bonds is declared to be includable in gross income (either at the time of such declaration or at any future date) for purposes of federal income tax laws, either by the terms of such laws or by ruling of a federal income tax authority or official, which is followed by the Internal Revenue Service or by decision of any federal court, or (ii) any federal income tax law is adopted that will have a substantial adverse tax effect upon owners of the Bonds as such, the Purchaser may, at its option, prior to the tender of said Bonds, be relieved of its obligation under the contract to purchase the Bonds, and in such case the deposit accompanying its bid will be returned.

LEGAL OPINION: The legal opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, approving the validity of the Bonds will be furnished to the Purchaser without cost.

DISCLOSURE COUNSEL LETTER: The Purchaser will receive a disclosure counsel letter addressed to them regarding the Official Statement from Jones Hall, A Professional Law Corporation, San Francisco, California to the effect that no information has come to the attention of such counsel to cause such counsel to believe that the Official Statement (excepting certain provisions therein) as of its date contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

TERMS OF SALE

BEST BID: Unless all bids with respect to the Bonds are rejected, as described below under **"—RIGHT OF REJECTION,"** the Bonds will be awarded to the responsible bidder whose bid represents the lowest true interest cost ("TIC") to Sonoma Water with respect to the Bonds prior to any change to the principal payment schedule in accordance with this Official Notice of Sale; provided such TIC does not exceed ____%. The TIC will be that nominal annual interest rate which, when compounded semiannually using a 360-day year and used to discount to the dated date of the Bonds all payments of principal and interest payable with respect to the Bonds, results in an amount equal to the purchase price of the Bonds to be received by Sonoma Water. The cost of preparing the Bonds will be borne by Sonoma Water.

The interest used in this computation will be the interest rates stated in the bid.

If two or more bidders offer bids for the Bonds at the same lowest TIC, Sonoma Water will determine by lot which bidder will be awarded the Bonds. Bid evaluations or rankings made by Parity are not binding on Sonoma Water.

RIGHT OF REJECTION: Sonoma Water reserves the right, in its discretion, to reject any and all proposals and to waive any irregularity or informality in any proposals. Sonoma Water retains absolute discretion to determine whether any bid is timely, complete or legible. Sonoma

Water takes no responsibility for informing any bidder prior to the time for receiving bids that its bid is incomplete, illegible or not received.

PROMPT AWARD: Sonoma Water will take action awarding the Bonds or rejecting all bids not later than 36 hours after the expiration of the time herein prescribed for the receipt of proposals unless such time of award is waived by the Purchaser. Notice of the award will be given promptly to the Purchaser.

QUALIFICATION FOR SALE; BLUE SKY: The Purchaser will assume responsibility for taking any action necessary to qualify the Bonds for offer and sale in jurisdictions other than California, and for complying with the laws of all jurisdictions on resale of the Bonds.

Compliance with Blue Sky laws shall be the sole responsibility of the Purchaser, and the Purchaser shall pay all fees and disbursements related to the qualification of the Bonds for sale under the securities or BlueSky laws of various jurisdictions. Sonoma Water will furnish such information and take such action not inconsistent with law as the Purchaser may request and Sonoma Water shall deem necessary or appropriate to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Purchaser; *provided, however*, that Sonoma Water shall not execute a general or special consent to service of process or qualify to do business in connection with such qualification or determination in any jurisdiction.

The Purchaser will not offer to sell, or solicit any offer to buy, the Bonds in any jurisdiction where it is unlawful for such Purchaser to make such offer, solicitation or sale, and the Purchaser shall comply with the Blue Sky and other securities laws and regulations of the states and jurisdictions in which the Purchaser sells the Bonds.

RIGHT OF CANCELLATION: The Purchaser shall have the right, at its option, to cancel the contract of purchase if Sonoma Water fails to cause the Bonds to be executed and delivered within 60 days from the date of sale thereof, and in such event, the Purchaser shall be entitled to the return of the deposit accompanying its bid.

FORM OF BID: No bid will be accepted for less than all of the Bonds or for a purchase price less than the aggregate principal amount of the Bonds. All bids must be unconditional. Each bid must be delivered by electronic transmission as described below and be received by 8:30 a.m., California time, on _____, 2022 (subject to the limitations set forth in “**TERMS OF SALE - WARNINGS REGARDING ELECTRONIC BIDS**” immediately below). Each bid must be in accordance with the terms and conditions set forth in this Official Notice of Sale, and may be submitted on the attached Bid Form. All bids shall be deemed to incorporate all of the terms of this Official Notice of Sale.

ELECTRONIC BIDS: Solely as an accommodation to bidders, Sonoma Water will receive bids delivered electronically through Ipreo’s BIDCOMP/Parity system (the “Bid Service” or “Parity”) as follows:

IHS Markit
450 West 33rd Street
New York, New York 10001

(212) 849-5023

Internet address: <http://www.newissuehome.i-deal.com>

If any provision of this Official Notice of Sale conflicts with information provided by the Bid Service, this Official Notice of Sale shall control. Each bidder submitting an electronic bid agrees by doing so that it is solely responsible for all arrangements with (including any charges by) the Bid Service, that Sonoma Water does not endorse or encourage the use of the Bid Service, and that the Bid Service is not acting as an agent of Sonoma Water. Instructions for submitting electronic bids must be obtained from the Bid Service, and Sonoma Water does not assume any responsibility for ensuring or verifying bidder compliance with the Bid Service's procedures. Sonoma Water shall be entitled to assume that any bid received via the Bid Services has been made by a duly authorized agent of the bidder.

If a bidder submits an electronic bid for the Bonds, such bidder thereby agrees to the following terms and conditions:

(i) If any provision in this Official Notice of Sale with respect to the Bonds conflicts with information or terms provided or required by the Bid Service, this Official Notice of Sale, including any amendments issued through the News Service, shall control;

(ii) each bidder shall be solely responsible for making necessary arrangements to access the Bid Service for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale;

(iii) Sonoma Water shall not have any duty or obligation to provide or assure access to the Bid Service to any bidder, and Sonoma Water shall not be responsible for proper operation of, or have any liability for, any delays, interruptions or damages caused by use of the Bid Service or any incomplete, inaccurate or untimely bid submitted by any bidder through the Bid Service;

(iv) Sonoma Water is using the Bid Service as a communication mechanism, and not as an agent of Sonoma Water, to conduct the electronic bidding for the Bonds;

(v) the Bid Service is acting as an independent contractor, and is not acting for or on behalf of Sonoma Water;

(vi) Sonoma Water is not responsible for ensuring or verifying bidder compliance with any procedures established by the Bid Service;

(vii) Sonoma Water may regard the electronic transmission of a bid through the Bid Service (including information regarding the purchase price for the Bonds and interest rates for any maturity of the Bonds) as though the information were submitted on the Official Bid Form and executed on the bidder's behalf by a duly authorized signatory;

(viii) if the bidder's bid is accepted by Sonoma Water, the Official Bid Form, this Official Notice of Sale and the information that is transmitted electronically through the Bid Service shall form a contract, and the bidder shall be bound by the terms of such contract; and

(ix) information provided by the Bid Service to bidders shall form no part of any bid or any contract between the Purchaser and Sonoma Water unless that information is included in this Official Notice of Sale provided by Sonoma Water.

WARNINGS REGARDING ELECTRONIC BIDS: SONOMA WATER WILL ACCEPT BIDS IN ELECTRONIC FORM SOLELY THROUGH PARITY ON THE OFFICIAL BID FORM CREATED FOR SUCH PURPOSE. EACH BIDDER SUBMITTING AN ELECTRONIC BID UNDERSTANDS AND AGREES BY DOING SO THAT IT IS SOLELY RESPONSIBLE FOR ALL ARRANGEMENTS WITH PARITY, THAT SONOMA WATER NEITHER ENDORSES NOR EXPLICITLY ENCOURAGES THE USE OF PARITY AND THAT PARITY IS NOT ACTING AS AN AGENT OF SONOMA WATER. INSTRUCTIONS AND FORMS FOR SUBMITTING ELECTRONIC BIDS MUST BE OBTAINED FROM PARITY, AND SONOMA WATER ASSUMES NO RESPONSIBILITY FOR ENSURING OR VERIFYING BIDDER COMPLIANCE WITH THE PROCEDURES OF PARITY. SONOMA WATER SHALL ASSUME THAT ANY BID RECEIVED THROUGH PARITY HAS BEEN MADE BY A DULY AUTHORIZED AGENT OF THE BIDDER.

SONOMA WATER WILL MAKE ITS BEST EFFORTS TO ACCOMMODATE ELECTRONIC BIDS; HOWEVER, SONOMA WATER, THE MUNICIPAL ADVISOR AND BOND COUNSEL ASSUME NO RESPONSIBILITY FOR ANY ERROR CONTAINED IN ANY BID SUBMITTED ELECTRONICALLY, OR FOR FAILURE OF ANY BID TO BE TRANSMITTED, RECEIVED OR OPENED AT THE OFFICIAL TIME FOR RECEIPT OF BIDS. THE OFFICIAL TIME FOR RECEIPT OF BIDS WILL BE DETERMINED BY SONOMA WATER AT THE PLACE OF BID OPENING AND SONOMA WATER SHALL NOT BE REQUIRED TO ACCEPT THE TIME KEPT BY PARITY AS THE OFFICIAL TIME. SONOMA WATER ASSUMES NO RESPONSIBILITY FOR INFORMING ANY BIDDER PRIOR TO THE DEADLINE FOR RECEIVING BIDS THAT ITS BID IS INCOMPLETE OR NOT RECEIVED.

GOOD FAITH DEPOSIT: A Good Faith Deposit ("Deposit") in the form of a certified cashier's check or a wire transfer in the amount of \$_____ payable to the order of Sonoma Water, must be provided by the Purchaser not later than 3:30 p.m., California time, on the next business day following the award, as a guaranty that the Purchaser will accept and pay for the Bonds in accordance with the terms of the bid. If the Deposit is made by wire transfer, such wire transfer must be in immediately available funds and to the account at the wire address specified by Sonoma Water to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. If after the award of the Bonds the Purchaser fails to complete its purchase on the terms stated in its proposal, the Deposit will be retained by Sonoma Water. No interest on the Deposit will accrue to any bidder.

STATEMENT OF TRUE INTEREST COST; REOFFERING YIELDS: Each bidder is requested, but not required, to state in its bid the percentage true interest cost to Sonoma Water, which shall be considered as informative only and not binding on either the bidder or Sonoma Water. The accepted bidder shall submit a Reoffering Price Certificate in the form attached as Appendix A to the Official Bid Form or in the form attached as Appendix B to the Official Bid Form, all as described under **"TERMS RELATING TO THE BONDS – REOFFERING PRICE CERTIFICATE AND ESTABLISHMENT OF ISSUE PRICE"** herein.

NO LITIGATION: There is no litigation pending concerning the validity of the Bonds, the existence of Sonoma Water or the entitlement of the officers thereof to their respective offices, and Sonoma Water will furnish to the Purchaser a no-litigation certificate certifying to the foregoing as of and at the time of the delivery of the Bonds.

CUSIP NUMBERS: It is anticipated that CUSIP numbers will be printed on the Bonds, but neither failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of this Official Notice of Sale. The Municipal Advisor will apply for the CUSIP numbers; **provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the Purchaser.**

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION FEE: Attention of bidders is directed to California Government Code Section 8856, which provides that the lead underwriter or the Purchaser of the Bonds will be charged the California Debt and Investment Advisory Commission fee.

OFFICIAL STATEMENT: A Preliminary Official Statement has been prepared, copies of which may be obtained upon request made to Sonoma Water's Municipal Advisor, KNN Public Finance, LLC, using the contact information set forth above. The Preliminary Official Statement shall be "deemed final" by Sonoma Water prior to the sale date for purposes of Securities Exchange Commission Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a final Official Statement. A copy of the certificate executed by Sonoma Water indicating that the Preliminary Official Statement has been deemed final as of its date will be provided to potential bidders upon request to the Municipal Advisor. Sonoma Water will certify that as of the date of the final Official Statement, to the best of its knowledge, the Official Statement does not contain an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. Sonoma Water will deliver to the Purchaser a certificate of Sonoma Water as to the above, dated the date of delivery of the Bonds, authorizing the Purchaser to distribute copies of the Official Statement in connection with the resale of the Bonds. Sonoma Water will furnish to the Purchaser, at no expense to the Purchaser, an electronic copy of the Official Statement and, upon request, up to 50 printed copies of the Official Statement within 7 business days of the award date. Additional copies will be made available upon request, submitted to the Municipal Advisor no later than twenty-four hours after the time of receipt of bids, at the Purchaser's expense, for use in connection with any resale of the Bonds.

By making a bid for the Bonds, the Purchaser agrees (i) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any supplements prepared by Sonoma Water, (ii) to promptly file a copy of the final Official Statement, including any supplements prepared by Sonoma Water, with the Municipal Securities Rulemaking Board ("MSRB"), and (iii) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and MSRB rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

CONTINUING DISCLOSURE: In order to assist bidders in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "Rule"), Sonoma Water will undertake, pursuant

to a Continuing Disclosure Agreement, to provide certain annual financial information relating to Sonoma Water and notices of the occurrence of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement. See “**CONTINUING DISCLOSURE** and **Appendix C – FORM OF CONTINUING DISCLOSURE AGREEMENT**” in the Preliminary Official Statement.

RIGHT TO MODIFY OR AMEND: Sonoma Water reserves the right to modify or amend this Official Notice of Sale in any respect; provided, however, that any such modification or amendment shall be made not later than 1:00 p.m. (California time) on the day prior to the date bids are to be received and shall be communicated to potential bidders through the News Service. Failure of any bidder to receive notice of any modification shall not affect the sufficiency of any such notice.

Dated: _____, 2022

Grant Davis
General Manager
Sonoma County Water Agency

OFFICIAL BID FORM
\$ _____
Sonoma County Water Agency
Water Revenue Bonds,
2022 Series A

TO: SONOMA COUNTY WATER AGENCY

BIDDING FIRM'S NAME: _____

DATE: _____, 2022

As provided in the Official Notice of Sale dated _____, 2022, with regard to this financing, we offer to purchase all \$ _____* aggregate principal amount of the water revenue bonds captioned above (the "Bonds"), more particularly described in Preliminary Official Statement dated _____, 2022. We hereby agree to pay \$ _____ which is not less than \$ _____* or 100% of par for the Bonds with principal and interest to be payable in the amounts and at the interest rates set forth below. The Purchase Price equals the principal amount of the Bonds (\$ _____*) [plus a Premium of \$ _____] [minus a Discount of \$ _____].

Schedule of Maturity Dates, Principal Amounts, and Interest Rates**

(Check One)

Maturity Date (July 1)	Principal* Amount	Serial** Maturity	Mandatory** Sinking Fund Prepayment	Interest Rate
2020	\$	_____	_____	_____ %
2021		_____	_____	_____
2022		_____	_____	_____
2023		_____	_____	_____
2024		_____	_____	_____
2025		_____	_____	_____
2026		_____	_____	_____
2027		_____	_____	_____
2028		_____	_____	_____
2029		_____	_____	_____
2030		_____	_____	_____
2031		_____	_____	_____
2032		_____	_____	_____
2033		_____	_____	_____
2034		_____	_____	_____
2035		_____	_____	_____
2036		_____	_____	_____
2037		_____	_____	_____
2038		_____	_____	_____
2039		_____	_____	_____

* Subject to adjustment as described under "ADJUSTMENT OF PRINCIPAL PAYMENTS."

** Place a check in the appropriate column indicating whether the principal component is a serial maturity or mandatory sinking fund prepayment. Circle the final maturity of each term Bond specified.

Our calculation of the true interest cost (determined as described in the section of the Official Notice of Sale entitled "Best Bid"), which is considered to be informative only and not a part of the proposal, is as follows: The total amount of interest payable on the Bonds during the life of the issue under the attached bid is \$_____. The amount of premium is \$_____. The true interest cost is _____%.

Check One:

_____ There is enclosed herewith a (certified) (cashier's) check for \$_____ payable to the order of the Sonoma County Water Agency.
_____ We agree to provide a wire transfer not later than 3:30 p.m., California time, on the next business day following the award, in the amount of \$_____ in immediately available funds to the account at the wire address specified by the Sonoma County Water Agency to us.

If the competitive sale requirements are not met and 10% of any maturity of the Bonds are not sold at the initial offering price on the Sale Date, the bidder hereby indicates its preference that the Sonoma County Water Agency determine the issue price of any such maturity using the rule marked below, each as described in the Official Notice of Sale under the caption "Reoffering Price Certificate and Establishment of Issue Price":

_____ The 10% test
_____ The hold-the-offering-price rule

If the competitive sale requirements are not met, and the bidder elects to use the hold-the-offering-price rule, the winning bidder shall notify the Sonoma County Water Agency, within one hour of the Sonoma County Water Agency's acceptance of the bid, which maturities of the Bonds satisfy the 10% test and which maturities shall be subject to the hold-the-offering-price rule.

We agree that if we are the successful bidder for the Bonds we will provide the Sonoma County Water Agency with a Final Reoffering Price Certificate in the form attached as Appendix A, Appendix B or Appendix C hereto.

We hereby represent that as of the date of award and as of the date of delivery of the Bonds, all members of our account either participate in DTC or clear through or maintain a custodial relationship with an entity that participates in said depository.

Following is a list of the members of our account on whose behalf this bid is made.

List of Members of Account:

.
. .
. .
. .

. .

Respectfully submitted,

Firm: _____
Account Manager

By: _____

Printed Name: _____
Title: _____

Address: _____

.

.

Telephone No.: _____
Fax No.: _____

Email: _____

APPENDIX A TO OFFICIAL BID FORM
FORM OF REOFFERING PRICE CERTIFICATE*

TO BE DELIVERED IF COMPETITIVE SALE REQUIREMENTS ARE MET (I.E., 3 BIDS
FROM COMPETITIVE PROVIDERS ARE RECEIVED)

\$ _____
Sonoma County Water Agency
Water Revenue Bonds,
2022 Series A

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of **[NAME OF UNDERWRITER]** ("**[SHORT NAME OF UNDERWRITER]**"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by **[SHORT NAME OF UNDERWRITER]** are the prices listed in Schedule 1 (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by **[SHORT NAME OF UNDERWRITER]** in formulating its bid to purchase the Bonds. Attached as Schedule 1 is a true and correct copy of the bid provided by **[SHORT NAME OF UNDERWRITER]** to purchase the Bonds.

(b) **[SHORT NAME OF UNDERWRITER]** was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by **[SHORT NAME OF UNDERWRITER]** constituted a firm offer to purchase the Bonds.

2. Defined Terms.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is **[DATE]**.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate

in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents **[SHORT NAME OF UNDERWRITER]**'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Certificate as to Arbitrage and with respect to compliance with the federal income tax rules affecting the Bonds, and by Jones Hall, A Professional Law Corporation, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: **[ISSUE DATE]**

[UNDERWRITER]

By: _____
Name and Title

SCHEDULE 1
BIDDING DOCUMENTATION AND INITIAL OFFERING PRICES

**APPENDIX B TO OFFICIAL BID FORM
FORM OF REOFFERING PRICE CERTIFICATE**

TO BE DELIVERED IF COMPETITIVE SALE REQUIREMENTS ARE NOT MET (3
COMPETITIVE BIDS ARE NOT RECEIVED) AND 10% TEST IS USED FOR ISSUE PRICE

\$ _____
**Sonoma County Water Agency
Water Revenue Bonds,
2022 Series A**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ([“[SHORT NAME OF UNDERWRITER]”][the “Representative”][, on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”),] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule 1.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule 1 (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule 1.

(b) As set forth in the Notice of Sale and bid award, [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule 1 hereto as the “General Rule Maturities.”

(b) ***Hold-the-Offering-Price Maturities*** means those Maturities of the Bonds listed in Schedule 1 hereto as the “Hold-the-Offering-Price Maturities.”

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which [SHORT NAME OF UNDERWRITER][the Underwriters] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means the Sonoma County Water Agency, California.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [DATE].

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDEWRITING FIRM][the Representative's] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Certificate as to Arbitrage and with respect to compliance with the federal income tax rules affecting the Bonds, and by Jones Hall, A Professional Law Corporation, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: [ISSUE DATE]

[UNDERWRITER]

By: _____
Name and Title

SCHEDULE 1

LISTING OF 10% TEST, UNDERSOLD MATURITIES AND PRICING WIRE

APPENDIX C TO OFFICIAL BID FORM
FORM OF REOFFERING PRICE CERTIFICATE

TO BE DELIVERED IF COMPETITIVE SALE REQUIREMENTS ARE NOT MET (3 COMPETITIVE BIDS ARE NOT RECEIVED) AND PURCHASER ELECTS TO USE HOLD-THE-OFFERING-PRICE FOR ISSUE PRICE

\$ _____
Sonoma County Water Agency
Water Revenue Bonds,
2022 Series A

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of **[NAME OF UNDERWRITER/REPRESENTATIVE]** (**[“[SHORT NAME OF UNDERWRITER]”]**)(**[the “Representative”]**), **on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”),** hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. Initial Offering Price of the Bonds.

(a) **[SHORT NAME OF UNDERWRITER][The Underwriting Group]** offered each Maturity of the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule 1 (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule 1.

(b) As set forth in the **[Bond Purchase Agreement][Notice of Sale and bid award]**, **[SHORT NAME OF UNDERWRITER][the members of the Underwriting Group]** **[has][have]** agreed in writing that, (i) for each Maturity of the Bonds, **[it][they]** would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

2. Defined Terms.

(a) *Holding Period* means, for each Maturity of the Bonds, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (**[DATE]**), or (ii) the date on which **[SHORT NAME OF THE UNDERWRITER][the Underwriters]** **[has][have]** sold at least 10% of such Maturity of the Bonds to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

(b) *Issuer* means Sonoma County Water Agency, California.

(c) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(d) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [DATE].

(f) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDEWRITING FIRM][the Representative's] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Certificate as to Arbitrage and with respect to compliance with the federal income tax rules affecting the Bonds, and by Jones Hall, A Professional Law Corporation, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: [ISSUE DATE]

[UNDERWRITER]

By: _____
Name and Title

SCHEDULE 1
LISTING OF HOLD-THE-PRICE MATURITIES, INITIAL OFFERING PRICES AND
PRICING WIRE

\$ _____
**Sonoma County Water Agency
Water Revenue Bonds,
2022 Series A**

BOND PURCHASE AGREEMENT

_____, 2022

Sonoma County Water Agency
404 Aviation Boulevard
Santa Rosa, California 95403

Ladies and Gentlemen:

The undersigned, _____ (the "Underwriter"), hereby offers to enter into this Bond Purchase Agreement (this "Purchase Agreement") with the Sonoma County Water Agency ("Sonoma Water") for the purchase by and the delivery to the Underwriter of the water revenue bonds captioned above (the "Bonds"). This offer is made subject to acceptance by Sonoma Water prior to 11:59 p.m., California time, on the date hereof, and upon such acceptance this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon Sonoma Water and the Underwriter.

Sonoma Water acknowledges and agrees that: (i) the purchase and sale of the Bonds (as hereinafter defined) pursuant to this Purchase Agreement is an arm's-length commercial transaction among the Successor Agency and the Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principals and are not acting as Municipal Advisors (as defined in Section 15B of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), and have not assumed a fiduciary responsibility in favor of the Successor Agency with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter has advised or are currently advising the Successor Agency on other matters); (iii) the only obligations the Underwriter have to the Successor Agency with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement; (iv) the Successor Agency has consulted its own legal, financial and other advisors to the extent it has deemed appropriate; (v) the Underwriter have financial interests that may differ from and be adverse to those of the Successor Agency; and (vi) the Underwriter have provided the Successor Agency with certain disclosures required under the rules of the Municipal Securities Rulemaking Board (the "MSRB").

Capitalized terms used but not defined in this Purchase Agreement have the meanings set forth in the Ordinance (as defined below).

Section 1. Purchase and Sale of the Bonds. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriter hereby agrees to purchase, and Sonoma Water hereby agrees to sell and deliver to the Underwriter, all of the \$_____ original principal amount of the Bonds. The Bond shall be dated the date of delivery, mature in the amounts and on the dates, bear interest at the rates and have the initial offering prices set forth in Schedule I hereto.

The purchase price for the Bonds shall be \$_____ (representing the aggregate principal amount of the Bonds, plus a net original issue premium of \$_____, less an underwriter's discount of \$_____). [From the purchase price, the Underwriter will pay to _____ (the "Bond Insurer"), on behalf of Sonoma Water, the amount of \$_____ as the premium for the financial guaranty insurance policy (the "Insurance Policy") relating to the Bonds.]

Section 2. Description of the Bonds. The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable as provided in Sonoma County Water Agency Ordinance No. 1, adopted by Sonoma Water on December 28, 1970 ("Ordinance No. 1"), as amended and supplemented to date and as further amended and supplemented by the Eleventh Supplemental Ordinance adopted _____, 2022 (the "Eleventh Supplemental Ordinance" and together with Ordinance No. 1, as heretofore supplemented and amended, the "Ordinance"). U.S. Bank Trust Company, National Association, San Francisco, California is appointed as successor trustee for the Bonds (the "Trustee") under the Ordinance. The Bonds shall be payable and subject to redemption as provided in the Ordinance and as set forth in the Official Statement (defined below).

The proceeds of the Bonds will be used to finance facilities and improvements to increase the reliability and capacity of the Agency's water transmission system, to defease and refund certain outstanding bonds of Sonoma Water captioned \$12,265,000 Sonoma County Water Agency Water Revenue Refunding Bonds, 2012 Series A (the "2012 Bonds"), to fund a reserve fund for the Bonds, and to pay certain costs associated with the issuance of the Bonds.

The 2012 Bonds will be defeased and refunded pursuant to Irrevocable Refunding Instructions dated as of the Closing Date (defined below) given by Sonoma Water to the Trustee (the "Refunding Instructions").

[Payment of the principal on and interest on the Bonds will be insured by the Insurance Policy issued by the Bond Insurer concurrently with the delivery of the Bonds issued at the Closing (defined below).]

In connection with the issuance of the Bonds, and in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12"), Sonoma Water will enter into a Disclosure Dissemination Agent Agreement, dated the date of delivery of the Bonds (the "Disclosure Agreement") with Digital Assurance Certification, L.L.C., as disclosure dissemination agreement.

Section 3. Preliminary Official Statement. Sonoma Water has delivered to the Underwriter a Preliminary Official Statement, dated _____, 2022 (the "Preliminary Official Statement"), and will deliver to the Underwriter a final Official Statement dated the date hereof as provided in Section 6 of this Purchase Agreement (as amended and supplemented from time to time pursuant to Section 6(k) of this Purchase Agreement, the "Official Statement").

Sonoma Water has delivered to the Underwriter a certificate pursuant to Rule 15c2-12 relating to the Preliminary Official Statement, in substantially the form attached hereto as Exhibit A.

Section 4. Public Offering. The Underwriter agrees to make a bona fide public offering of all the Bonds at not in excess of the initial public offering prices or yields set forth in Schedule I attached hereto. The Underwriter reserves the right to make concessions to dealers and to change such initial public offering prices or yields as the Underwriter reasonably deems necessary in connection with the marketing of the Bonds. The Underwriter also reserves the right (i) to over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market and (ii) to discontinue such stabilizing, if commenced, at any time.

Section 5. Delivery of Official Statement. Sonoma Water shall deliver to the Underwriter, as promptly as practical but in no event later than the Closing Date (as defined herein), such number of copies of the final Official Statement, as the Underwriter may reasonably request in order to comply with the Securities and Exchange Commission Rule 15c2-12(b) and the rules of the Municipal Securities Rulemaking Board (the "MSRB").

Sonoma Water hereby authorizes the Underwriter to use the Official Statement and the information contained therein in connection with the offering and sale of the Bonds and ratifies and confirms the authorization of the use by the Underwriter prior to the date hereof of the Preliminary Official Statement, furnished to the Underwriter by Sonoma Water in connection with such offering and sale.

The Underwriter agrees that from the time the Official Statement becomes available until the earlier of (i) the "End of the Underwriting Period," as defined in Section 6(i) herein, or (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case less than 25 days following the End of the Underwriting Period, the Underwriter shall send no later than the next business day following a request for a copy thereof, by first class mail or other equally prompt means, to any Potential Customer, as defined in Rule 15c2-12, on request, a single copy of the Official Statement. The Underwriter agrees to file as soon as reasonably practicable a copy of the Official Statement with a nationally recognized municipal securities information repository and take any and all actions necessary to comply with applicable Securities and Exchange Commission rules and MSRB rules governing the offering, sale and delivery of the Bonds to ultimate purchasers.

At the time of pricing, the Underwriter shall deliver to Sonoma Water a summary of the orders by maturity.

Section 6. Representations, Warranties and Covenants of Sonoma Water. Sonoma Water represents, warrants and covenants to the Underwriter as follows:

(a) Sonoma Water is a political subdivision of the State of California (the "State") and is validly existing as a subdivision of the State and has all necessary power and authority to adopt and perform its obligations under the Ordinance, to adopt Resolution No. _____, adopted on _____, 2022 (the "Resolution") and to enter into and perform its obligations under the Disclosure Agreement, the Refunding Instructions, this Purchase Agreement, and the Eleventh Supplemental Ordinance (upon the publication thereof as provided therein) and, when executed and delivered by the respective parties thereto, the Disclosure Agreement, the Refunding Instructions and this Purchase Agreement will constitute the legal, valid and binding obligations of Sonoma Water enforceable in accordance with their respective terms, except as the

enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles (whether in proceedings at law or in equity).

(b) The adoption of the Eleventh Supplemental Ordinance and the Resolution and compliance with the provisions thereof, the execution and delivery of the Disclosure Agreement, the Refunding Instructions and this Purchase Agreement and compliance with the provisions thereof, and the approval of the Official Statement, will not in any material respect conflict with, or constitute a breach of or default under, any law, administrative regulation, court decree, resolution or other agreement or document to which Sonoma Water is subject or by which it or any of its property is bound.

(c) Except as maybe required under blue sky or other securities laws of any state, and except as such have been obtained and are in full force and effect, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority required in connection with the execution, delivery and sale or exchange of the Bonds, the execution and delivery of the Disclosure Agreement, the Refunding Instructions and this Purchase Agreement, or the consummation by Sonoma Water of the other transactions contemplated by the Official Statement or this Purchase Agreement.

(d) Except as described in the Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best of the knowledge of Sonoma Water, threatened against or affecting Sonoma Water, (i) which would materially and adversely affect Sonoma Water's ability to complete the transactions described in or contemplated by the Official Statement, (ii) to restrain or enjoin the delivery of the Bonds or the payments to be made by Sonoma Water pursuant to the Ordinance, (iii) in any way contesting or affecting the validity of the Ordinance, the Resolution, the Disclosure Agreement, the Refunding Instructions, this Purchase Agreement, the Bonds, or the transactions described in the Official Statement, or contesting in any way the completeness or accuracy of the Official Statement, or (iv) wherein an unfavorable decision, ruling or finding would materially and adversely affect Sonoma Water or the validity or enforceability of the Disclosure Agreement, the Refunding Instructions, this Purchase Agreement or the Bonds.

(e) The information relating to Sonoma Water contained in the Official Statement is true and correct in all material respects and such information does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that no representation or warranty is made with respect to the information concerning the DTC Book-Entry System, the Bond Insurer, or the Bond Insurance Policy issued thereby).

(f) Sonoma Water shall cooperate with the Underwriter in endeavoring to qualify the Bonds for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that Sonoma Water shall not be required to execute a special or general consent to service of process in any jurisdiction in which it is not now so subject or to qualify to do business in any jurisdiction where it is not now so qualified.

(g) By the Resolution, Sonoma Water has duly approved the distribution of the Official Statement and the Preliminary Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by Sonoma Water of the obligations on its part

contained in, the Disclosure Agreement, the Refunding Instructions and this Purchase Agreement and the consummation by it of all other transactions with respect to the execution and delivery of the Bonds as contemplated by the Official Statement and this Purchase Agreement, and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended or rescinded; and the Resolution was adopted by a four-fifths majority of the members of the Board of Directors of Sonoma Water at a meeting duly called, noticed and conducted, at which a quorum was present and acting throughout and constitutes all action necessary to be taken by Sonoma Water for the execution, delivery and issuance of the Bonds, and the execution, delivery and due performance of the Official Statement, the Disclosure Agreement, the Refunding Instructions and this Purchase Agreement.

(h) Except as may be described in the Official Statement, Sonoma Water is not in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which Sonoma Water is a party or to which it or any of its property is otherwise subject, which breach or default would have a material and adverse impact on Sonoma Water's operations or its ability to perform its obligations under the Ordinance, the Disclosure Agreement, the Refunding Instructions or this Purchase Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument, and which would have a material and adverse impact on Sonoma Water's operations or its ability to perform its obligations under the Ordinance, the Resolution, the Disclosure Agreement, the Refunding Instructions or this Purchase Agreement.

(i) As used in this Purchase Agreement, the term "End of the Underwriting Period" for the Bonds shall mean the earlier of (i) the Closing Date unless Sonoma Water shall have been notified in writing to the contrary by the Underwriter on or prior to the Closing Date or (ii) the date on which the End of the Underwriting Period for the Bonds has occurred under Rule 15c2-12, provided, however, that Sonoma Water may treat as the End of the Underwriting Period for the Bonds the date specified as such in a notice from the Underwriter stating the date which is the End of the Underwriting Period;

(j) If between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs, or facts or conditions become known to Sonoma Water which, in the reasonable opinion of Jones Hall, A Professional Law Corporation ("Bond Counsel"), might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was made, not misleading in any material respect, Sonoma Water will notify the Underwriter, and if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, Sonoma Water will forthwith prepare and furnish to the Underwriter (at the expense of Sonoma Water) a reasonable number of copies of an amendment of or supplement to the Official Statement (in the form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to prospective purchasers, not misleading in any material respect with respect to the information of Sonoma Water. If such notification shall be subsequent to the Closing Date, Sonoma Water shall forthwith provide to the Underwriter such legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such

supplement or amendment to the Official Statement. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, Sonoma Water will furnish such information with respect to itself as the Underwriter may from time to time reasonably request;

(k) If the information relating to Sonoma Water, the Ordinance, the Resolution, the Disclosure Agreement, the Refunding Instructions or the Bonds contained in the Official Statement is amended or supplemented pursuant to the immediately preceding subparagraph, at the time of each supplement or amendment thereto and (unless subsequently supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including 25 days after the End of the Underwriting Period, the portions of the Official Statement so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading.

(l) Sonoma Water shall not take or omit to take, as appropriate, any action that would cause the interest on the Bonds to be included in gross income for federal income tax purposes or to be subject to California personal income taxation.

(m) Any certificate signed by any officer of Sonoma Water and delivered to the Underwriter pursuant to the Ordinance or this Purchase Agreement or any document contemplated thereby shall be deemed a representation and warranty by Sonoma Water to the Underwriter as to the statements made therein and that such officer shall have been duly authorized to execute the same;

(n) Sonoma Water has never been and is not now in default as to the payment of principal or interest with respect to an obligation issued by Sonoma Water or successor of Sonoma Water (including certificates of participation payable from Sonoma Water installment or lease payments) or with respect to an obligation guaranteed by Sonoma Water as guarantor or successor of a guarantor.

(o) Except as disclosed in the Official Statement or otherwise disclosed in writing to the Underwriter, there has been no material adverse change in the financial condition of Sonoma Water since June 30, 2021, and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(p) To the best knowledge of Sonoma Water, there is no public vote or referendum pending or proposed, the results of which could materially adversely affect the transactions contemplated by the Ordinance, the Resolution, the Official Statement or the Bonds, or the validity or enforceability of the Bonds;

(q) Sonoma Water will comply with the requirements of the tax certificates executed by Sonoma Water in connection with the delivery of the Bonds;

(r) Sonoma Water will apply the proceeds from the sale of the Bonds for the purposes specified in the Eleventh Supplemental Ordinance;

(s) The prior compliance by Sonoma Water with any undertaking to provide annual or material event disclosure pursuant to Rule 15c2-12 within the last five years is accurately described in the Preliminary Official Statement.

Section 7. Closing. At 8:00 a.m., California time, on _____, 2022 (the “Closing Date”), or at such other time or on such earlier or later date upon which Sonoma Water and the Underwriter mutually agree, Sonoma Water will deliver or cause to be delivered to The Depository Trust Company (“DTC”) through DTC’s Fast Automated Securities Transfers System, one fully registered book-entry certificate for each Bond payment date, duly executed, and the other documents hereinafter mentioned shall be delivered at the offices of Jones Hall, A Professional Law Corporation, in San Francisco, California (the “Closing”). The Bonds shall be issued in fully registered form. It is anticipated that CUSIP identification numbers shall be printed on the Bonds, but the failure to print such numbers on any of the Bonds or any error with respect thereto shall not constitute cause for a failure or refusal by the Underwriter to accept delivery of, or pay for, the Bonds in accordance with the terms of this Purchase Agreement. The Underwriter will accept delivery of the Bonds and pay the purchase price thereof by immediately available funds (federal funds wire) payable to or upon the order of Sonoma Water in an amount equal to the purchase price indicated in Section 1, above. The Bonds will be made available to the Underwriter in San Francisco, California, for checking prior to the Closing.

Section 8. Conditions to Underwriter’s Obligations. The Underwriter hereby enters into this Purchase Agreement in reliance upon the representations and warranties of Sonoma Water contained herein and the representations and warranties to be contained in the documents and instruments to be delivered on the Closing Date and upon the performance by Sonoma Water and the Trustee of their respective obligations both on and as of the date hereof and as of the Closing Date. Accordingly, the obligations of the Underwriter under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and warranties of Sonoma Water contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of Sonoma Water and the Trustee made in any certificate or document furnished pursuant to the provisions hereof, to the performance by Sonoma Water and the Trustee of their respective obligations to be performed hereunder and under Sonoma Water Agreements, at or prior to the Closing Date, and also shall be subject to the following additional conditions:

(a) At the time of Closing, the Ordinance, the Resolution, the Disclosure Agreement, the Refunding Instructions and this Purchase Agreement shall be in full force and effect as valid and binding obligations between or among the various parties thereto, and the Ordinance and the Official Statement shall not have been amended or supplemented except as may have been agreed to in writing by the Underwriter, and there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby.

(b) Subsequent to the date of this Purchase Agreement, up to and including the date of the Closing, there shall not have occurred any change in or particularly affecting Sonoma Water, Sonoma Water’s water utility enterprise or the Bonds, as these matters are described in the Official Statement, which in the reasonable professional judgment of the Underwriter materially impairs the investment quality of the Bonds.

(c) The representations and warranties of Sonoma Water contained in this Purchase Agreement shall be true and correct in all material respects on the date of this Purchase Agreement and on and as of the date of the Closing as if made on the date of the Closing.

(d) At or prior to the Closing, the Underwriter shall receive the following documents, in each case satisfactory in form and substance to the Underwriter and its counsel:

(i) Certified copies of the Ordinance and the Resolution and executed copies of the Official Statement, the Disclosure Agreement, the Refunding Instructions and this Purchase Agreement.

(ii) The approving opinion of Bond Counsel in substantially the form included as Appendix E to the Official Statement, dated the date of Closing, addressed to Sonoma Water, with a reliance letter addressed to the Underwriter.

(iii) The supplemental opinion of Bond Counsel, dated the date of Closing, addressed to the Underwriter, to the effect that: (A) the statements in the Official Statement under the captions ["THE BONDS," "SECURITY FOR THE BONDS," and "TAX MATTERS,"] and the information contained in APPENDIX A—"SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE," to the Official Statement, insofar as such statements purport to summarize certain provisions of the Bonds, the Ordinance, the Disclosure Agreement, the Refunding Instructions, and Bond Counsel's final opinion concerning certain federal tax matters relating to the Bonds, are accurate in all material respects; (B) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification under the Trust Indenture Act of 1939, as amended (provided that no opinions need be expressed concerning the Insurance Policy); (C) this Purchase Agreement has been duly executed and delivered by Sonoma Water and is a valid and binding agreement of Sonoma Water.

(iv) A letter of Jones Hall, A Professional Law Corporation, as Disclosure Counsel, dated the Closing Date and addressed to Sonoma Water and the Underwriter, to the effect that (i) the Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification under the Trust Indenture Act of 1939, as amended; and (ii) based upon their participation in the preparation of the Official Statement as Disclosure Counsel and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, nothing has come to their attention which would cause them to believe that the Official Statement (except that no opinion or belief need be expressed as to any information relating to the Bond Insurer or the Insurance Policy, any financial, statistical or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, the appendices to the Official Statement, or information about DTC or the book-entry only system contained in the Official Statement), as of the date thereof, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(v) An opinion of Sonoma Water's Counsel, dated the date of Closing, addressed to Sonoma Water and the Underwriter, substantially in the form set forth in Exhibit B.

(vi) The opinion of counsel to the Trustee, dated the date of Closing, addressed to Sonoma Water and the Underwriter, to the effect that: (A) the Trustee is a national banking association duly organized and validly existing under the laws of the United States; (B) the Trustee has taken all corporate action necessary to assume the duties and obligations of Trustee under the Ordinance and to authorize in such capacity execution and delivery of the Bonds; (C) the Trustee has lawful authority for the authentication and

delivery of the Bonds and the Bonds have been duly executed by the Trustee and delivered in accordance with the Ordinance and are entitled to the benefits of the Ordinance; (D) the Trustee is qualified under the Ordinance to act as trustee thereunder; and (E) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the performance by the Trustee of its duties under the Ordinance.

(vii) A certificate of Sonoma Water signed by a duly authorized official, dated the date of Closing, to the effect that: (A) the representations, warranties and covenants of Sonoma Water contained in this Purchase Agreement are true and correct in all material respects on and as of the date of the Closing with the same effect as if made on the date of the Closing; and (B) Sonoma Water has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied pursuant to the Ordinance and this Purchase Agreement at or prior to the Closing.

(viii) A tax certificate or certificates of Sonoma Water in form and substance acceptable to Bond Counsel.

(ix) Letters from Standard & Poor's Ratings Service indicating that the Bonds have been rated not less than "____," and that such rating has not been revoked, suspended or downgraded.

(x) A certificate of the Trustee, dated the Closing date, to the effect that: (A) the Trustee is a national banking association duly organized and in good standing under the laws of the United States and has all necessary legal power and authority to enter into and perform its duties under the Ordinance, and has accepted its duties as Trustee under the Ordinance; (B) the Trustee is duly authorized to authenticate and deliver the Bonds to the Underwriter pursuant to the terms of the Ordinance and this Purchase Agreement, and the Bonds have been duly authenticated and delivered by the Trustee in accordance with the Ordinance; (C) the performance by the Trustee of its duties under the Ordinance will not conflict with, or constitute a breach of or default under, any law, administrative regulation, court decree, resolution, charter, by-laws or other agreement to which the Trustee is subject or by which it is bound, provided no representation or warranty need be made as to any state or federal securities laws, or the tax consequences of any payment on any Bonds of any federal, state or local tax law; and (D) to the knowledge of the Trustee, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency, public board or body served on or threatened against or affecting the existence of the Trustee, or in any way contesting or affecting the validity or enforceability of the Bonds, or contesting the powers of the Trustee or its authority to enter into and perform its obligations under the Ordinance wherein an unfavorable decision, ruling or finding would adversely affect the validity of such documents.

(xi) A certified copy of the general signing resolution of the Trustee.

[(xii) A copy of the Insurance Policy issued by the Bond Insurer.

(xiii) A certificate of the Bond Insurer to the effect that the descriptions of the Bond Insurer and of the Insurance Policy included in the Official Statement under the caption "MUNICIPAL BOND INSURANCE" and APPENDIX ____—SPECIMEN MUNICIPAL BOND

INSURANCE POLICY” include all material information and are accurate and complete, and as to such other matters as the Underwriter may reasonably request.

(xiv) An opinion of the counsel to the Bond Insurer, dated the Closing date and addressed to Sonoma Water and the Underwriter in form and substance satisfactory to Sonoma Water.]

(xv) Evidence that the federal tax information form 8038-G has been prepared for filing.

(xvi) such additional legal opinions, certificates, proceedings, instruments and other documents as Bond Counsel may reasonably request to evidence compliance by the Trustee and Sonoma Water with legal requirements, the truth and accuracy, as of the time of Closing, of the representations contained herein and of the information contained in the Official Statement, and the due performance or satisfaction by the Trustee and Sonoma Water, at or prior to such time, of all agreements then to be performed and all conditions then to be satisfied.

Section 9. Termination Events. (a) If the conditions to the Underwriter’s obligations contained in this Purchase Agreement are not satisfied, or if the Underwriter’s obligations are terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and the Underwriter and Sonoma Water shall have no further obligations hereunder.

(b) The Underwriter shall have the right to cancel its obligations to purchase the Bonds if, between the date hereof and the date of the Closing, any of the following events occurs:

(i) legislation is enacted (or resolution passed) by the United States or the State or is reported out of committee or is pending in committee, or a decision is rendered by a court established under Article III of the Constitution of the United States or the Tax Court of the United States, or a ruling is made or a regulation or a temporary regulation is proposed or made or any other release or announcement is made by the Treasury Department of the United States or the Internal Revenue Service, or other federal or State authority, with respect to federal or California taxation upon interest received on obligations of the general character of the Bonds, that, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds;

(ii) any event occurs that, in the reasonable opinion of the Underwriter, either (A) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (B) is not reflected in the Official Statement but should be reflected therein to make the statements and information contained therein not misleading;

(iii) the outbreak or declaration of war, institution of a police action, engagement in or escalation of military hostilities by or against the United States, or any escalation of any existing conflict or hostilities in which the United States is involved or the occurrence of any other national emergency or calamity or crisis or any change in financial markets resulting from the foregoing, which, in the reasonable opinion of the Underwriter, would make it impracticable or inadvisable to proceed with the offer, sale or delivery of the Bonds on the terms and in the manner contemplated in the Official Statement;

(iv) there is in force a general suspension of trading on the New York Stock Exchange, or minimum or maximum prices for trading are fixed and in force, or maximum ranges for prices for securities are fixed and in force, or maximum ranges for prices for securities are required and in force, on the New York Stock Exchange or any other exchange, whether by virtue of a determination by the New York Stock Exchange or such other exchange or by order of the Securities and Exchange Commission or any other governmental authority;

(v) a general banking moratorium is declared by either federal, California or New York authorities having jurisdiction and is in force;

(vi) any new restrictions on securities are established that materially affect the free market for securities (including the imposition of any limitations on interest rates) or the extension of credit by, or the charge to the net capital requirements of, the Underwriter, established by the New York Stock Exchange, the Securities and Exchange Commission, any other federal or state agency, the Congress of the United States, or by Executive Order of the President of the United States;

(vii) legislation is enacted or proposed or actively considered for enactment, or a decision by a court of the United States is rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission of the United States or another governmental agency having jurisdiction over the subject matter is made, to the effect that the Bonds or any obligations of the general character of the Bonds are not exempt from the registration, qualification or other requirements of the Securities Act of 1933 or otherwise are or would be in violation of any provision of any federal securities laws;

(viii) action by or on behalf of the State or the California Franchise Tax Board, with the purpose or effect, directly or indirectly, of imposing California personal income taxation upon such interest as would be received by the Owners of the Bonds;

(ix) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(x) any change or development involving a prospective change in the condition of Sonoma Water, financial or otherwise, or in the operations of Sonoma Water from those set forth in the Official Statement that makes the Bonds, in the reasonable judgment of the Underwriter, impracticable or inadvisable to offer, sell or deliver the Bonds on the terms and in the manner contemplated by the Official Statement; or

(xi) any materially adverse change occurs in the affairs of Sonoma Water that, in the reasonable judgment of the Underwriter, materially adversely affects the market for the Bonds.

Section 10. Official Statement Amendments or Supplements. After the Closing, Sonoma Water will not adopt any amendment of or supplement to the Official Statement to which

the Underwriter objects in writing or which shall be disapproved by the Underwriter or counsel for the Underwriter.

Section 11. Expenses. (a) In connection with the underwriting of the Bonds, Sonoma Water shall pay, in addition to the insurance premium described in Section 1 of this Purchase Agreement for the Insurance Policy, the following expenses from the proceeds of the Bonds, and to the extent or in the event not so paid, such expenses shall be paid directly by Sonoma Water: (i) the cost of preparing, printing, executing and delivering the Bonds, including all expenses relating to the printing of CUSIP numbers on the Bonds; (ii) the fees and expenses of the Trustee, including the fees and expenses of the Trustee's counsel; (iii) all fees charged by any rating agency for rating the Bonds; (iv) the cost of printing, distribution and delivery of the Official Statement; and (v) the fees and disbursements of Bond Counsel to Sonoma Water, counsel to Sonoma Water, Disclosure Counsel to Sonoma Water and KNN Public Finance, LLC, as municipal advisor to Sonoma Water.

(b) The Underwriter shall pay all expenses incurred by it in connection with the public offering and distribution of the Bonds, including but not limited to: (i) all advertising expense; and (ii) all of its out-of-pocket expenses and disbursements (including without limitation, travel costs, costs associated with qualifying the Bonds for sale under any state "Blue Sky" laws, California Debt and Investment Advisory Commission fees, sales and advertising expenses, MSRB fees, fees and expenses of Underwriter's Counsel, CUSIP fees, and any other incidental expenses).

Section 12. Establishment of Issue Price.

(a) The Underwriter agrees to assist Sonoma Water in establishing the issue price of the Bonds and shall execute and deliver to Sonoma Water at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit C, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, Sonoma Water and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by Sonoma Water under this section to establish the issue price of the Bonds may be taken on behalf of Sonoma Water by Sonoma Water's municipal advisor identified herein and any notice or report to be provided to Sonoma Water may be provided to the municipal advisor.

(b) Except as otherwise set forth in Schedule 1 attached hereto, Sonoma Water will treat the first price at which 10% of each maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Bond Purchase Agreement, the Underwriter shall report to Sonoma Water the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to Sonoma Water the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public.

(c) The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Bond Purchase Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Schedule 1 attached hereto, except as otherwise set forth therein. Schedule 1 also sets forth, as of the date of this Bond Purchase

Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which Sonoma Water and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow Sonoma Water to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- the close of the 5th business day after the sale date; or
- the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise Sonoma Water when it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the 5th business day after the sale date.

(d) The Underwriter confirms that any selling group agreement and any retail distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter.

Sonoma Water acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. Sonoma Water further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(e) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with Sonoma Water (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly

or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

- (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date of execution of this Bond Purchase Agreement by all parties.

Section 13. Notices. Any notice or other communication to be given under this Purchase Agreement may be given by delivering the same in writing to:

To Sonoma Water:

Sonoma County Water Agency
404 Aviation Boulevard
Santa Rosa, California 95403
Attn: Grant Davis, General Manager

To the Undewriter:

Attn: _____

Section 14. Benefit of Agreement; Survival of Representations and Warranties. (a) This Purchase Agreement is made solely for the benefit of the parties hereto (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof.

(b) All representations, warranties and agreements in this Purchase Agreement shall remain operative and in full force and effect, regardless of delivery of and payment for any of the Bonds; and any termination of this Purchase Agreement.

Section 15. Execution in Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 16. Governing Law; Venue. This Purchase Agreement shall be governed and interpreted exclusively by and construed in accordance with the laws of the State applicable to contracts made and to be performed in the State. Any and all disputes or legal actions or proceedings arising out of this Purchase Agreement or any document related hereto shall be filed and maintained in a court of competent jurisdiction in the County of Sonoma; provided that the Authority may waive the requirement of venue. By execution of and delivery of this Purchase Agreement, the parties hereto accept and consent to the aforesaid jurisdiction.

Section 17. Severability. If any provision of this Purchase Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 18. Effectiveness. This Purchase Agreement shall be effective as of the date set forth above upon the execution of the acceptance hereof by authorized officers of Sonoma Water and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

By: _____

The foregoing is hereby agreed to
and accepted as of the date first
above written:

SONOMA COUNTY WATER AGENCY

By: _____

Time of Execution: ____ p.m.

SCHEDULE I

\$_____
Sonoma County Water Agency
Water Revenue Bonds,
2022 Series A

Maturity (July 1)	Principal Amount	Interest Rate	Yield	Initial Offering Price	10% Test Used	Hold-the- Offering-Price Rule Used
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C = Priced to the optional redemption date of September 1, 20____, at ____%.
T = term bond.

Optional redemption terms:

[TO COME]

EXHIBIT A

**Sonoma County Water Agency
Water Revenue Bonds,
2022 Series A**

**FORM OF THE CERTIFICATE OF THE AUTHORITY
REGARDING PRELIMINARY OFFICIAL STATEMENT**

The undersigned hereby states and certifies:

1. That he is the duly qualified and acting _____ of the Sonoma County Water Agency ("Sonoma Water") and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

2. That there has been delivered to _____ (the "Underwriter") of the captioned Bonds, a Preliminary Official Statement, relative to the captioned Bonds, dated _____, 2022 (including the cover page and all appendices thereto, the "Preliminary Official Statement"), which Sonoma Water deems final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for information permitted to be omitted therefrom by Rule 15c2-12; and

3. Sonoma Water hereby approves the use and distribution by the Underwriter of the Preliminary Official Statement.

Dated: _____, 2022

SONOMA COUNTY WATER AGENCY

By: _____

EXHIBIT B

Form of Opinion of Agency Counsel

[Closing Date]

Sonoma County Water Agency
Santa Rosa, California

_____, California

Re:

\$ _____
SONOMA COUNTY WATER AGENCY
WATER REVENUE BONDS
2022 SERIES A

Ladies and Gentlemen:

This office serves as Counsel for the Sonoma County Water Agency ("Sonoma Water") and have advised Sonoma Water in connection with the execution and delivery of its water revenue bonds captioned above (the "Bonds"). As such counsel I have examined and am familiar with those documents relating to the existence, organization and operation of Sonoma Water; including all necessary documentation of Sonoma Water relating to the adoption of Sonoma County Water Agency Ordinance No. 1, adopted by Sonoma Water on December 28, 1970, as amended and supplemented to date and as further amended and supplemented by the Eleventh Supplemental Ordinance adopted _____, 2022 (collectively, the "Ordinance"); the Disclosure Dissemination Agent Agreement, dated the date of delivery of the Bonds (the "Disclosure Agreement"), executed by Sonoma Water and countersigned by Digital Assurance Certification, L.L.C., as dissemination agent thereunder; Irrevocable Refunding Instructions dated the date of delivery of the Bonds (the "Refunding Instructions"), given by Sonoma Water to the Trustee; the Bond Purchase Agreement (the "Purchase Agreement"), dated as of _____, 2022, between Sonoma Water and _____, as underwriter of the Bonds; an Official Statement of Sonoma Water relating to the Bonds (the "Official Statement"), dated as of _____, 2022; Resolution No. _____ adopted by the Board of Directors of Sonoma Water on _____, 2022 (the "Resolution") and such other records, agreements, certificates and other documents as we have deemed relevant and necessary as a basis for the opinions hereinafter expressed.

Based upon the forgoing examination and review, we are of the opinion that:

1. Sonoma Water is a political subdivision of the State duly organized and existing under and by virtue of the Constitution and laws of the State.
2. The Resolution approving and authorizing the execution and delivery of the Bonds, the Official Statement, the Disclosure Agreement and the Purchase Agreement was duly adopted

at a meeting of Sonoma Water that was duly called and held pursuant to law, with all required public notice and at which a quorum was present and acting throughout, and the Resolution is in full force and effect and has not been amended or repealed.

3. The Ordinance and all amendments and supplements thereto have been duly adopted by Sonoma Water in accordance with all requirements of California law and all procedural rules of Sonoma Water, and the Ordinance, as amended and supplemented, is in full force and effect on the date of this opinion.

4. The performance by Sonoma Water of its obligations under the Ordinance the Disclosure Agreement, the Refunding Instructions and the Purchase Agreement will not conflict with, violate or result in a breach of or constitute a default under any indenture, agreement or other instrument by which Sonoma Water or any of its properties may be bound or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any federal or state court, government or governmental body having jurisdiction over Sonoma Water or any of its property and by which Sonoma Water or any of its properties may be bound.

5. Except as may be stated in the Official Statement, there is no litigation, proceeding or investigation at law or equity before or by any court, public board or body pending, or to his or her knowledge threatened, against or affecting Sonoma Water challenging the validity of, or in which an unfavorable decision, ruling or finding would adversely affect, the Ordinance, the Disclosure Agreement, the Refunding Instructions, the Bonds and the Purchase Agreement, any of the transactions contemplated by such instruments and the Official Statement or the performance by Sonoma Water of any of its obligations thereunder.

6. Nothing has come to our attention which causes us to believe that the information contained in the Official Statement is not true and correct or contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading.

The enforceability of the Ordinance, the Disclosure Agreement, the Refunding Instructions and the Purchase Agreement may be said to be limited by bankruptcy, insolvency, moratorium or other similar laws relating to the enforcement of creditors' rights, and by such principles of equity as the court having jurisdiction may impose with respect to certain remedies which require, or may require, enforcement by a court of equity.

EXHIBIT C

Form of Issue Price Certificates

APPENDIX C

FORM OF CONTINUING DISCLOSURE AGREEMENT

[\$[PAR]]
SONOMA COUNTY WATER AGENCY
WATER REVENUE BONDS, 2022 SERIES A

This Disclosure Dissemination Agent Agreement (the “Disclosure Agreement”), dated as of _____, 2022, is executed and delivered by the Sonoma County Water Agency (the “Issuer”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the bonds captioned above (the “Bonds”) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“Annual Filing Date” means the date that is nine months after the end of the Agency’s fiscal year, or March 31 each year based on the Agency’s current fiscal year-end of June 30.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds captioned above and as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or

Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Representative” means Division Manager, Administrative Services Division, or his or her designee, or such other person as the Issuer designates in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

“Failure to File Event” means the Issuer’s failure to file an Annual Report on or before the Annual Filing Date.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

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

“Information” means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“Official Statement” means that Official Statement dated June 13, 2019, prepared by the Issuer in connection with the issuance and sale of the Bonds.

“Trustee” means U.S. Bank Trust Company, National Association., or any successor institution appointed and acting as trustee for the Bonds.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent not later than the Annual Filing Date, commencing March 31, 2023. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the 15th day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit B, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event occurs and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

- (1) Principal and interest payment delinquencies;
- (2) Non-Payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, IRS notices or events affecting the tax status of the security;
- (7) Modifications to rights of securities holders, if material;
- (8) Bond calls, if material;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Tender Offers,
- (13) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (14) Merger, consolidation, or acquisition of the obligated person, if material;
- (15) Appointment of a successor or additional trustee, or the change of name of a trustee, if material;
- (16) Incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies,

priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect security holders, if material; and

- (17) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties.

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

- (1) “amendment to continuing disclosure undertaking;”
- (2) “change in obligated person;”
- (3) “notice to investors pursuant to bond documents;”
- (4) “certain communications from the Internal Revenue Service;”
- (5) “secondary market purchases;”
- (6) “bid for auction rate or other securities;”
- (7) “capital or other financing plan;”
- (8) “litigation/enforcement action;”
- (9) “change of tender agent, remarketing agent, or other on-going party;”
- (10) “derivative or other similar transaction;” and
- (11) “other event-based disclosures;”

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

- (1) “quarterly/monthly financial information;”
- (2) “change in fiscal year/timing of annual disclosure;”
- (3) “change in accounting standard;”
- (4) “interim/additional financial information/operating data;”
- (5) “budget;”

- (6) “investment/debt/financial policy;”
- (7) “information provided to rating agency, credit/liquidity provider or other third party;”
- (8) “consultant reports;” and
- (9) “other financial/operating data.”

(viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, which shall consist of updates to the following tables contained in the Official Statement, updated to reflect information as of the Issuer’s most recently completed fiscal year:

- (i) Table 2, Historical Water Deliveries
- (ii) Table 4, Largest Customers
- (iii) Table 6, Water Transmission System, Outstanding Long-Term Debt
- (iv) Table 7, Water Transmission System, Historical Debt Service Coverage
- (v) Table 8, Water Transmission System, Projected Debt Service Coverage

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles (“GAAP”) as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of Bond holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or

jurisdiction over substantially all of the assets or business of the Obligated Person.

- (13) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material; and
- (15) Incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties.

Note to subsections (a)(15) and (a)(16) of this Section 4: For purposes of Section 4(a)(15) and 4(a)(16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

The Issuer shall, in a timely manner not in excess of ten business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4,

together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event Disclosures and Voluntary Financial Disclosures, the Issuer shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section

7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon 30 days' written notice to the Disclosure Dissemination Agent, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing 30 days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver

the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee of the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of California (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By: _____

Name: _____

Title: _____

SONOMA COUNTY WATER AGENCY,
as Issuer

By: _____

Name: _____

Title: _____

**EXHIBIT A
NAME AND CUSIP NUMBERS OF BONDS**

Name of Issuer Sonoma County Water Agency

Obligated Person(s) Sonoma County Water Agency

Name of Bond Issues: Sonoma County Water Agency
 Water Revenue Bonds, 2022 Series A

Date of Issuance: _____, 2022

Date of Official Statement: _____, 2022

**2022 Series A Bonds
Base CUSIP:**

Maturity (July 1)	Principal Amount	CUSIP
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		

EXHIBIT B
NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer	Sonoma County Water Agency
Obligated Person(s)	Sonoma County Water Agency
Name of Bond Issues:	Sonoma County Water Agency Water Revenue Bonds, 2022 Series A
Date of Issuance:	_____, 2022
Date of Disclosure Agreement:	_____, 2022
CUSIP Number:	

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____.

Dated: _____

Digital Assurance Certification, L.L.C.,
as Disclosure Dissemination Agent, on behalf of the
Issuer

By: _____

**EXHIBIT C-1
EVENT NOTICE COVER SHEET**

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

Number of pages attached: _____

_____ Description of Notice Events (Check One):

1. _____ "Principal and interest payment delinquencies;"
2. _____ "Non-Payment related defaults, if material;"
3. _____ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. _____ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. _____ "Substitution of credit or liquidity providers, or their failure to perform;"
6. _____ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. _____ "Modifications to rights of securities holders, if material;"
8. _____ "Bond calls, if material;"
9. _____ "Defeasances;"
10. _____ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. _____ "Rating changes;"
12. _____ "Tender offers;"
13. _____ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14. _____ "Merger, consolidation, or acquisition of the obligated person, if material;"
15. _____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
16. _____ "Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material;" and
17. _____ "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties."

_____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date: _____

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of _____ between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

_____ Description of Voluntary Event Disclosure (Check One):

1. _____ "amendment to continuing disclosure undertaking;"
2. _____ "change in obligated person;"
3. _____ "notice to investors pursuant to bond documents;"
4. _____ "certain communications from the Internal Revenue Service;"
5. _____ "secondary market purchases;"
6. _____ "bid for auction rate or other securities;"
7. _____ "capital or other financing plan;"
8. _____ "litigation/enforcement action;"
9. _____ "change of tender agent, remarketing agent, or other on-going party;"
10. _____ "derivative or other similar transaction;" and
11. _____ "other event-based disclosures."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of _____ between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

_____ Description of Voluntary Financial Disclosure (Check One):

1. _____ "quarterly/monthly financial information;"
2. _____ "change in fiscal year/timing of annual disclosure;"
3. _____ "change in accounting standard;"
4. _____ "interim/additional financial information/operating data;"
5. _____ "budget;"
6. _____ "investment/debt/financial policy;"
7. _____ "information provided to rating agency, credit/liquidity provider or other third party;"
8. _____ "consultant reports;" and
9. _____ "other financial/operating data."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

IRREVOCABLE REFUNDING INSTRUCTIONS

\$12,265,000
SONOMA COUNTY WATER AGENCY
WATER REVENUE REFUNDING BONDS,
2012 SERIES A

These IRREVOCABLE REFUNDING INSTRUCTIONS (these "Instructions"), dated as of _____, 2022, are between the SONOMA COUNTY WATER AGENCY, a public entity organized and existing under the laws of the State of California (the "Agency"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as successor to MUFG Union Bank, N.A., as trustee (the "Trustee") for the Agency's water revenue bonds captioned above (the "2012 Bonds").

BACKGROUND:

1. The Agency issued the 2012 Bonds on July 11, 2012, in the original principal amount of \$12,265,000.
2. The 2012 Bonds maturing on and after July 1, 2023, are subject to redemption on any business day on or after July 1, 2022, from any source of available funds, at a redemption price equal to the principal amount of the 2012 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.
3. The Agency has determined to defease and redeem the 2012 Bonds [in full] [maturing on July 1, 20__ through July 1, 20__], as more particularly described on Exhibit A hereto (the "Refunded Bonds"), on _____, 2022 (the "Redemption Date").
4. In order to raise funds to defease and redeem the Refunded Bonds, the Agency has determined to issue its Water Revenue Bonds, 2022 Series A (the "2022 Bonds").
5. The Agency wishes to give these Instructions to the Trustee for the purpose of establishing an irrevocable fund to be funded, invested, held and administered for the purpose of providing for the payment in full of the principal of and interest on the Refunded Bonds.

INSTRUCTIONS:

In order to provide for the defeasance, payment and redemption of the Refunded Bonds and to discharge the Refunded Bonds and the obligations represented thereby, the Agency hereby irrevocably directs the Trustee as follows:

SECTION 1. Establishment of Refunding Fund. The Trustee is directed to establish a fund to be known as the "Refunding Fund" to be held by the Trustee in trust as an irrevocable escrow securing the payment of the Refunded Bonds and the Agency's obligations with respect thereto, as hereinafter set forth. All cash and securities in the Refunding Fund are hereby irrevocably pledged as a special fund for the payment of the principal and interest represented by

the Refunded Bonds in accordance with Ordinance No. 1 of the Agency (as supplemented and amended through the date hereof, the "Ordinance").

If at any time the Trustee receives actual knowledge that the cash and securities in the Refunding Fund will not be sufficient to make any payment required by Section 3 with respect to the Refunded Bonds, the Trustee shall notify the Agency of such fact and the Agency shall immediately cure such deficiency from any source of legally available funds. The Trustee has no liability for any such insufficiency.

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

SECTION 2. Deposits into Refunding Fund. On the date hereof, the Trustee shall deposit into the Refunding Fund the following amounts:

(a) \$_____ received from the Agency (or as designated by the Agency), to be derived from a portion of the proceeds of the 2022 Bonds,

(b) \$_____ to be transferred from the Debt Service Fund held by the Trustee under the Ordinance,

(c) \$_____ to be transferred to the Trustee by the Agency on or before the date hereof, representing the debt service due on the 2012 Bonds on July 1, 2022, and

(d) \$_____ to be transferred from the Reserve Account established for the 2012 Bonds under the Ordinance and held by the Trustee.

As a result of the foregoing, the total amount to be deposited in the Refunding Fund on the date hereof is \$_____.

On the date hereof, the Trustee will use \$_____ of the amount on deposit in the Refunding Fund to purchase the securities and investments listed on Exhibit B attached hereto and made a part hereof and will retain the remaining \$_____ in cash uninvested in the Refunding Fund.

The Agency represents that the securities and investments listed on Exhibit B are non-callable Defeasance Obligations, as defined in the Ordinance, maturing on the dates and in the amounts necessary to make the payments described in Section 3.

These Instructions constitute notice to the Trustee under Section 10.01 of the Ordinance that the Agency has elected to defease and redeem the Refunded Bonds.

SECTION 3. Instructions as to Application of Deposit. The Trustee shall apply the cash and securities held in the Refunding Fund for the sole purpose of paying the principal of and interest on, and the redemption price of, the Refunded Bonds through and including the Redemption Date, as further set forth on Exhibit C.

The Trustee shall not have any lien upon or right of set off against the securities and cash at any time on deposit in the Refunding Fund. The Trustee is in no way liable for the accuracy of any calculations provided as to the sufficiency of the moneys and securities deposited with it to pay the principal interest or redemption premium on the Refunded Bonds.

The deposit made into the Refunding Fund under this Agreement constitutes an irrevocable deposit for the payment and redemption of the Refunded Bonds in accordance with the Ordinance. The Agency hereby elects that the pledge of the funds provided for in the Ordinance, and all other obligations of the Trustee and the Agency with respect to the Refunded Bonds, shall cease and terminate, with the effect and subject to the limitations set forth in the Ordinance.

Section 4. Proceedings for Redemption of Refunded Bonds.

(a) The Agency hereby irrevocably elects, and directs the Trustee, to redeem the Refunded Bonds from amounts on deposit in the Refunding Fund on the Redemption Date. Prior to the Redemption Date, the Trustee shall apply amounts on deposit in the Refunding Fund for the purpose of paying regularly scheduled debt service on the Refunded Bonds.

(b) The Agency hereby instructs the Trustee to mail and file a notice of redemption for the Refunded Bonds, in substantially the form set forth as Exhibit D hereto, by the dates and to the recipients set forth in, and otherwise pursuant to the requirements of, Section 4.03 of the Ordinance. These Instructions shall serve as written notice to the Trustee regarding the intention of the Agency to optionally redeem the Refunded Bonds in accordance with their respective terms.

(c) The Agency hereby further instructs the Trustee to file a notice of defeasance with respect to the Refunded Bonds, in substantially the form set forth as Exhibit E hereto, with the Municipal Securities Rulemaking Board's EMMA System. The sole remedy for the Trustee's failure to file such notice on EMMA shall be an action by the holders of the Refunded Bonds in mandamus for specific performance or similar remedy to compel performance.

SECTION 5. Disposition of Excess Funds. Following payment and redemption in full of all of the Refunded Bonds on the Redemption Date, the Trustee shall withdraw any amounts remaining on deposit in the Refunding Fund and transfer those amounts to the Debt Service fund held by it under the Ordinance, and applied to pay a portion of the next interest coming due and payable on the 2022 Bonds.

SECTION 6. Amendment. These Instructions shall be irrevocable by the Agency. These Instructions may be amended or supplemented by the Agency, but only if the Agency files with the Trustee a certification of an independent accountant or independent financial advisor engaged by the Agency stating that such amendment or supplement will not affect the sufficiency of funds invested and held hereunder to make the payments required by Section 4. The Trustee is also entitled to receive and rely on an opinion of Bond counsel to the effect that (i) such amendment,

if the holders of a majority in aggregate principal amount of the Refunded Bonds are not consenting to such amendment, does not materially adversely affect the interests of such holders and (ii) such amendment does not adversely the exclusion of interest payable to the holders of the 2012 Bonds or the 2022 Bonds from federal income taxation.

SECTION 7. Application of Certain Terms of Ordinance. All of the terms of the Ordinance relating to the payment and redemption of principal of and interest and redemption premium, if any, on the Refunded Bonds, and the protections, immunities and limitations from liability afforded the Trustee, are incorporated in these Instructions as if set forth in full herein.

SECTION 8. Compensation to Trustee. The Agency shall pay the Trustee full compensation for its services under these Instructions, including out-of-pocket costs such as publication costs, redemption expenses, legal fees and other costs and expenses relating hereto and, in addition, all fees, costs and expenses relating to the purchase, substitution or withdrawal of any securities after the date hereof. Under no circumstances shall amounts deposited in or credited to the Refunding Fund be deemed to be available for said purposes. The Trustee has no lien upon or right of set off against the cash and securities at any time on deposit in the Refunding Fund.

SECTION 9. Execution in Counterparts. These Instructions may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 10. Applicable Law. These Instructions shall be governed by and construed in accordance with the laws of the State of California.

SONOMA COUNTY WATER AGENCY

By _____
General Manager

ACCEPTED:

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION**, as Trustee

By _____
Authorized Officer

EXHIBIT A

IDENTIFICATION OF REFUNDED BONDS

Maturity Date (July 1)	CUSIP	Outstanding Principal Amount	Interest Rate	Redemption Date	Redemption Price
					100.00
					100.00

EXHIBIT B

REFUNDING FUND INVESTMENTS

Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate
SLGS					
SLGS					

EXHIBIT C

ESCROW REQUIREMENTS

Payment Date	Maturing Principal Payment	Interest Payment	Principal Redeemed	Total Payment
July 1, 2022				
____, 2022				

EXHIBIT D

NOTICE OF [PARTIAL] REDEMPTION

**\$12,265,000
SONOMA COUNTY WATER AGENCY
Water Revenue Refunding Bonds,
2012 Series A**

Original issuance date: July 11, 2012

NOTICE IS HEREBY GIVEN, by the Sonoma County Water Agency ("Sonoma Water") with respect to the captioned bonds (the "Bonds"), that it has elected to optionally redeem [the portion of] the outstanding Bonds set forth below (the "Refunded Bonds") on _____, 2022 (the "Redemption Date"), at a redemption price equal to the par amount thereof together with accrued interest thereon to the Redemption Date, without premium. On the Redemption Date, there shall become due and payable upon each Refunded Bond or portion thereof being redeemed the redemption price thereof, and from and after the Redemption Date, interest with respect thereto shall cease to accrue.

The Refunded Bonds consist of the following:

Maturity Date (August 1)	CUSIP†	Outstanding Principal Amount	Interest Rate	Redemption Date	Redemption Price
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The Bonds must be surrendered by the owners thereof at the corporate trust office of U.S. Bank Trust Company, National Association, as the trustee, for payment of the redemption price, at the address below:

U.S. Bank Trust Company, National Association
Global Corporate Trust
111 Fillmore Avenue E.
St. Paul, MN 55107

Dated: _____, 2022

**U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION,
as Trustee**

EXHIBIT E

NOTICE OF DEFEASANCE

**\$12,265,000
SONOMA COUNTY WATER AGENCY
Water Revenue Refunding Bonds,
2012 Series A**

Original issuance date: July 11, 2012

NOTICE IS HEREBY GIVEN, by the Sonoma County Water Agency ("Sonoma Water") with respect to the captioned bonds (the "Bonds"), that [the portion of] the outstanding Bonds set forth below (the "Refunded Bonds") has been defeased and discharged under and within the meaning of Ordinance No. 1 of Sonoma Water, as heretofore supplemented and amended (the "Ordinance"), pursuant to which the Bonds were issued.

Funds for the payment of the Refunded Bonds have been deposited with U.S. Bank Trust Company, National Association (the "Trustee"), and the sufficiency of the funds and investments for the purpose of paying the principal of and interest on the Refunded Bonds has been verified by _____, certified public accountants. As a consequence of the foregoing actions and in accordance with the Ordinance, the Refunded Bonds are no longer secured by a pledge of revenues under the Ordinance, and the Refunded Bonds are now payable solely from the moneys set aside in escrow as described above.

The Refunded Bonds consist of the following:

Maturity Date (August 1)	CUSIP†	Outstanding Principal Amount	Interest Rate	Redemption Date	Redemption Price
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Sonoma Water has irrevocably elected to redeem all of the Refunded Bonds on the redemption dates set forth above, at a redemption price equal to the par amount thereof together with accrued interest thereon to the redemption date, without premium.

Dated: _____, 2022

**U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION,
as Trustee**