

Board Meeting Agenda

Russ Baggerly, Director
Mary Bergen, Director
Bill Hicks, Director

Pete Kaiser, Director
James Word, Director

CASITAS MUNICIPAL WATER DISTRICT
Meeting to be held at the
Oak View Resource Center
555 Mahoney Ave.
Oak View, CA 93022
April 26, 2017
3:00 P.M.

Right to be heard: Members of the public have a right to address the Board directly on any item of interest to the public which is within the subject matter jurisdiction of the Board. The request to be heard should be made immediately before the Board's consideration of the item. No action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of ¶54954.2 of the Government Code and except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under section 54954.3 of the Government Code.

1. Public Comments (items not on the agenda – three minute limit).
2. General Manager comments.
3. Board of Director comments.
4. Board of Director Verbal Reports on Meetings Attended.
5. Consent Agenda
 - a. Minutes from the April 12, 2017 meeting.
 - b. Resolution authorizing the General Manager to sign easement documents for the Lower San Antonio Creek Lateral Extension.

RECOMMENDED ACTION: Adopt Consent Agenda

6. Review of District Accounts Payable Report for the Period of 4/12/17 – 4/19 /17.

RECOMMENDED ACTION: Motion approving report

7. Resolution authorizing the issuance, in two series, of the Casitas Municipal Water District Community Facilities District No. 2013-01 (Ojai) 2017 Special Tax Bonds, and approving related documents and actions.
 - a. Fiscal Agent Agreement
 - b. Preliminary Official Statement
 - c. Bond Purchase Agreement
8. Presentation of the 2017 Casitas Water Supply and Demand Assessment.

RECOMMENDED ACTION: Discussion and Direction to Staff
9. Progress Report on Office Building Improvements.

RECOMMENDED ACTION: Direction to Staff
10. Information Items:
 - a. Executive Committee Minutes.
 - b. Finance Committee Minutes.
 - c. Investment Report.
11. Adjournment

If you require special accommodations for attendance at or participation in this meeting, please notify our office 24 hours in advance at (805) 649-2251, ext. 113. (Govt. Code Section 54954.1 and 54954.2(a).

Minutes of the Casitas Municipal Water District
Board Meeting Held
April 12, 2017

A meeting of the Board of Directors was held April 12, 2017 at the Oak View Resource Center located at 555 Mahoney Ave. in Oak View, California. The meeting was called to order at 3:05 p.m. Directors Baggerly, Word, Hicks, Bergen and Kaiser were present. Also present were Steve Wickstrum, General Manager, Rebekah Vieira, Clerk of the Board, and Attorney, John Mathews. There were five staff members and 15 members of the public in attendance. President Baggerly led the group in the flag salute.

1. Public Comments (items not on the agenda – three minute limit).

None

2. General Manager comments.

Mr. Wickstrum reported that Lake Casitas is starting on its downward trend and is at approximately 111,000 acre feet of storage. Santa Ana creek is at 2-3 cfs and there are no diversions at Robles. He reported on his attendance at the City of Ventura City Council meeting and the agreement with Casitas is on hold for right now and we anticipate bringing it back to the May 10th meeting. The AWA Symposium is next week; please let us know if you want to attend.

3. Board of Director comments.

Director Hicks thanked Ron Merckling and the conservation staff for reducing customer demands. What an amazing accomplishment to have the highest reductions in the state.

4. Board of Director Verbal Reports on Meetings Attended.

Director Word reported that he also attended the city council meeting and is optimistic they will get back to the agreement. He thanked Directors Bergen and Kaiser for their efforts on the agreement. He then reported on meeting with Assembly member Monique Limon and it was a positive meeting and it appears she will be willing to assist us in a number of endeavors. President Baggerly reported that he attended that meeting as well and they also showed great interest in collaborating with Hannah Beth Jackson.

5. Consent Agenda

ADOPTED

- a. Minutes from March 22, 2017.
- b. Minutes from April 5, 2017 Special Meeting.

Ms. Bergen questioned the spelling of Shauna Epstein's name and it will be corrected in the minutes.

On the motion of Director Word, seconded by Director Bergen the Consent Agenda was approved by the following roll call vote:

AYES:	Directors:	Kaiser, Bergen, Hicks, Word, Baggerly
NOES:	Directors:	None
ABSENT:	Directors:	None

6. Review of District Accounts Payable Report for the Period of 3/16/17 – 4/05/17. APPROVED

Director Hicks questioned the subscription to Water Traks and Mr. Wickstrum explained this is for the company that houses our water quality data that we use every year for the information that ends up in the consumer confident reports.

On the motion of Director Hicks, seconded by Director Word, the accounts payable report was approved by the following roll call vote:

AYES:	Directors:	Kaiser, Bergen, Hicks, Word, Baggerly
NOES:	Directors:	None
ABSENT:	Directors:	None

7. Resolution approving the Settlement Agreement and Release of Claims – Casitas Municipal Water District and Golden State Water Company. ADOPTED

Jeffrey Odderman special counsel with Rutan & Tucker reported that it is with great pleasure that I am able to make the recommendation to you to approve the negotiated settlement agreement to resolve the eminent domain action and authorize the General Manager and I to take the necessary actions to implement that settlement. This has been a good case study in direct and representative democracy. There are a lot of people that caused us to come to this day, motivated citizens in Ojai and the Ojai Flow group who brought their request to you to resolve their problems with their water company, and the board who didn't need this battle. Based on the interests of the Ojai community and the understanding from the outset the board would not place in jeopardy existing customers and rate payers you elected to proceed. I got involved five years ago. It could have gone on for another couple of years. To resolve this now is a great result for the entire district and particularly the people in Ojai. You are very well aware of the details of the settlement agreement as you went through it in closed session. \$30 million dollars is the base payment. That is more than the districts appraisal and it is a lot less than the \$120 million value they placed on their system. This is a number that is affordable. As we indicated in the staff presentation based on the bonding proposal it would take about 42.2 million to service the debt to acquire the system and set aside 49 million to do needed capital improvements. There will be a \$2 million dollar drop in the net cost of water for the people in Ojai and they get \$9 million in funding for upgrades that would be charged to them if Golden State was still running the system. The Settlement requires Casitas to pay off accrued debt of about \$4 million dollars. This is a great deal for the community as it cuts risk and legal expenses. It is

projected to be in a position to close the transaction on June 15th this year. I recommend your support and approval.

Stan Greene commented that the thing that impressed me the most is that this community came together and what had been a no one can do it but we had a dream and a goal. I came up here to thank Steve and Russ, the board of Casitas and your attorney. What happened was there was a community feeling that came up with the vote of 87% in favor to buy the water company to improve the service and the cost of the water. It was an amazing thing that happened. Flow has seven people on the board and after seven years we have the same people with the same dedication with a community that contributed money and an enormous amount of time. The community that benefited was together. They had a goal and kept to that and got support from this board. Put in a lot of work and your people put together a package that sounds terrific. Thank you to Mr. Odderman, thank you Russ, Steve and the board members and your attorney. Neighbors and community came together for a solution to benefit this community. It is a wonderful thing in a democratic society to see that happen. Thank you again. Everybody did a great job. I am pleased. Community worked and you don't see communities pull together and do a job that people said couldn't happen.

Pat McPherson commented that Stan said what I was going to say. I would like to thank Steve for sticking with us and Russ, Jim, Bill and all of you, thank you for your support. Richard did the business plan and the question was what agency should do this? The one we all felt confident with was you folks as you knew how to manage a water district. Our fear was we were coming to you and didn't have one of your board members living in this district. When we delivered the petition we kept our fingers crossed for about six months. We didn't know if you would do it. Thank you for making that decision and I hope it will never be regretted. We realized when putting together the package that each one of us was personally liable for what was said. Policy issues had to be unanimous decision. We can proudly say we did what we said and we thank you. This was a result of a community and if there was ever an example of a community working together to achieve a goal this was it.

Richard Hajas thanked the board for your perseverance; it is something you didn't have to do. I was skeptical in the beginning. Each of the members of the board looked at what was an injustice and supported us. Steve – I know he knew this was the right thing to do and was supportive as much as he could be. Both attorneys did a good job on this. It will be a great benefit long term for the citizens of Ojai and it will be a benefit to all of Casitas rate payers for the long term.

Dr. Rob Feiss expressed his thanks and gratitude and especially to Russ Baggerly who took it upon himself to call me and inquire on some of my ideas. I have been an outspoken critic of GSWC for 30 years and thank everyone with Ojai Flow. I can't wait to receive my new water bill. Thank you all very much for sticking with us.

Ryan Blatz thanked Jeff Odderman and the board who made a good decision. The end result is in the realm of what we thought a long time ago. The \$4.4 million is not going to sit well with us but that is part of the reason why we came to you. When we started looking at this Ojai has been in a bad relationship with its water company for a long time. She gave up on us. We have had a boil water notice and more main breaks. Today is the day of our divorce and remarriage and we are happy to get rid of one and excited for the new marriage. This should have been the destiny of Ojai all along. Really with a lot of excitement that the community accepts and are now going to engage with this board the way our water should have been managed the whole time. We can talk to people we trust. Thank you for the effort and on behalf of Ojai Flow and the community we look forward to our new marriage.

President Baggerly said this is the \$30 million dollar deal that was brokered on Feb 28th. The only thing that changed was the bills that have to be paid. I am proud to have been part of that and be the representative for the Ojai Service Area. I will continue to do it faithfully for you.

Director Word commented that he was sitting in the President's chair when we started this process and I am glad to see it coming to a positive conclusion. I would ask those of you involved directly to be patient with us. There is a long list of things to be upgraded and be done to bring the system up to our standards and up to date. If you get a bill from Golden State, please pay it and if you get one from us it will have new rates. Congratulation on your efforts and the efforts of Ojai Flow to press and push. I hope we end up the way we think we are.

Director Hicks commented that I was not in favor of this happening but the more I talked to people and with guidance from Steve and listening to the public it became apparent this was the right thing to do. We need a honeymoon period here. We will need to switch all the meters and there will be a lot of things happening for a while. Congratulations for all of you in getting this done.

Director Bergen added it is a proud day and I am very pleased to be a part of it.

Director Kaiser added there is no doubt you have been suffering for a great number of years and we are glad you are becoming part of our family now. I was very surprised things happened this quickly and it is a time for celebration.

President Baggerly passed the gavel to Director Word and offered the motion to adopt the resolution which was seconded by Director Kaiser and passed by the following roll call vote:

AYES:	Directors:	Kaiser, Bergen, Hicks, Word, Baggerly
NOES:	Directors:	None
ABSENT:	Directors:	None

Resolution is numbered 17-

8. Recommend approval of the Amendment of the Local Goals and Policies for Use of Mello-Roos Communities Facilities Act of 1983. APPROVED

On the motion of Director Kaiser, seconded by Director Word, the above recommendation was approved by the following roll call vote:

AYES:	Directors:	Kaiser, Bergen, Hicks, Word, Baggerly
NOES:	Directors:	None
ABSENT:	Directors:	None

9. Resolution authorizing Agreements for Financial Services Related to the Issuance of Special Tax Bonds for Community Facilities District 2013-01 (Ojai). ADOPTED

- a. Municipal Advisor – Harrell & Company, LLP
- b. Bond Counsel – Rutan & Tucker, LLP
- c. Underwriter – Piper Jaffray & Company
- d. Disclosure Counsel – Quint & Thimmig, LLP

Director Word pointed out a typo on the letter for bond counsel and then offered the resolution which was seconded by Director Hicks and adopted by the following roll call vote:

AYES:	Directors:	Kaiser, Bergen, Hicks, Word, Baggerly
NOES:	Directors:	None
ABSENT:	Directors:	None

Resolution is numbered 17-

10. Recommend adoption of the Park Ranger Policy Manual. APPROVED

Mr. Wickstrum reported that we have been meeting with the union for several weeks and finally got through the manual last week. He commended everyone as it has been a journey for the last couple of years. He thanked Carol Belser, Joe Evans and Rebekah Vieira, Directors Kaiser and Baggerly, attorneys and staff involved in the process.

President Baggerly commented that this document had been customized to fit our district. It is a compilation of issues and policies out of the penal code, case law and standard practice and I believe it an exemplary document.

Park Services Manager Carol Belser reported that on December 14 you formed an ad hoc committee. They spent at least 13 hours in meetings and then we held many meetings with the union and staff. They had questions, concerns and requested changes and those were brought to Jim Eicher. Typos have been corrected. The things in blue are different from the ad hoc committee. We are asking that you accept the changes in blue. It is important to note this is a fluid

living document. There will be many changes because of case and state law. Those changes will go to the General Manager for approval and then will go to the union for an opportunity to discuss.

Director Bergen thanked the ad hoc committee and everyone who worked on it. Director Word asked about clarification on the use of force. Joe Evans explained that when you come upon a situation you don't know if you will need to use force and we will only ask officers to do the force continuum within the tools you have given your officers. He questioned the ranking command and panel for review since it is such a small division and then questioned restraints and how will they know to call the Sheriff for assistance. Ms. Belser replied that with the provided training they will know when to call. Director Word added that the use of social media could be a policy to have for all employees. Director Word then asked about the use of body armor and wearing that in the summer. Mr. Evans replied that they will wear body armor, ballistic vest, unless they are getting in a boat. It is common practice that when a department spends the money to give you the vest they require you to wear it. Director Word added you all did an outstanding job and your perseverance has been great. Director Hicks also thanked Director Kaiser's input with his police background.

On the motion of Director Kaiser, seconded by Director Bergen the above recommendation was approved by the following roll call vote:

AYES:	Directors:	Kaiser, Bergen, Hicks, Word, Baggerly
NOES:	Directors:	None
ABSENT:	Directors:	None

11. Resolution adopting the Water Services Agreement between the City of San Buenaventura and the Casitas Municipal Water District.

This item was pulled from the agenda and is anticipated to be brought back to the May 10th meeting.

12. Information Items:

- a. Lake Casitas Recreation Area Report for February, 2017.
- b. Recreation Committee Minutes.
- c. Water Conservation Update for March, 2017.
- d. Lake Casitas Monthly Status Report for March, 2017.
- e. Water Consumption Report.
- f. CFD No. 2013-1 (Ojai) Monthly Cost Analysis.
- g. Investment Report.

On the motion of Director Word, seconded by Director Hicks, the information items were approved by the following roll call vote:

AYES:	Directors:	Kaiser, Bergen, Hicks, Word, Baggerly
NOES:	Directors:	None
ABSENT:	Directors:	None

13. Adjournment

President Baggerly adjourned the meeting at 4:07 p.m.

Bill Hicks, Secretary

**CASITAS MUNICIPAL WATER DISTRICT
INTEROFFICE MEMORANDUM**

TO: GENERAL MANAGER, STEVE WICKSTRUM
FROM: PRINCIPAL CIVIL ENGINEER, NEIL COLE
SUBJECT: ADOPT RESOLUTION TO AUTHORIZE THE GENERAL MANAGER TO SIGN THE AGREEMENT TO PAY FOR DEED, THE AGREEMENT AND EASEMENT DEED AND THE ACCEPTANCE AND CONSENT TO RECORDATION FORM
DATE: APRIL 20, 2017

Recommendation:

It is recommended that the Board of Directors adopt the attached resolution to authorize the General Manager to:

1. Sign the Agreement to Pay for Deed
2. Sign the Agreement and Easement Deed
3. Sign the Acceptance and Consent to Recordation form and record the Agreement and Easement Deed.

Background:

The Lower San Antonio Creek Lateral (LSAC) currently provides water to two customers, Old Creek Winery and Old Creek Road Water Company. The location for both of these meters is in a location that can be buried by debris under extreme flow conditions.

The owner of Old Creek Winery is being required to install a commercial fire service. This installation will occur at the end of the line. The owner of Old Creek Winery has proposed granting Casitas an easement for the extension of the pipe line out of the debris area. This will allow the installation of the commercial fire service in a less vulnerable area. Casitas will benefit from the extension of the pipe by being able to relocate meters in an area that is more accessible and less vulnerable to the debris flows. Work to extend the pipe line will be completed by Casitas crews.

CASITAS MUNICIPAL WATER DISTRICT

RESOLUTION AUTHORIZING THE GENERAL MANAGER TO SIGN EASEMENT DOCUMENTS FOR THE LOWER SAN ANTONIO CREEK LATERAL EXTENSION

WHEREAS, the District desires to extend the Lower San Antonio Creek Lateral to improve access, and

WHEREAS, the proposed pipeline extension is outside of the existing easement for the pipeline, and

WHEREAS, the property owner is willing to grant the District a new easement for the proposed pipeline extension to facilitate the property owner's installation of a commercial fire service;

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

1. Authorize the General Manager to sign the Agreement to Pay for Deed.
2. Authorize the General Manager to sign the Agreement and Easement Deed.
3. Authorize the General Manager to sign the Acceptance and Consent to Recordation form and record the Agreement and Easement Deed.

ADOPTED this 26th day of April, 2017.

Russ Baggerly, President
Casitas Municipal Water District

ATTEST:

Bill Hicks, Secretary
Casitas Municipal Water District

AGREEMENT TO PAY FOR DEED

Document No. L.S.A.C-2, in the form of a grant deed for land and easements covering the property described therein, has been executed and delivered by the undersigned to Casitas Municipal Water District (District).

In consideration thereof and other considerations set forth herein, it is mutually agreed as follows:

1. The District shall extend the existing Lower San Antonio Creek lateral (Lateral) a maximum of 85 feet. The District shall solely determine the location of the terminus of the Lateral.
2. Property Owner shall install a commercial fire service near the terminus of the Lateral extension.
3. Property Owner shall be responsible for all piping necessary to connect the new commercial fire service to the Lateral extension.
4. Property Owner shall be responsible for maintenance and upkeep, including annual inspections of the back flow device, of all piping and appurtenances on the Property Owner's side of the Lateral extension.
5. Once installation of the commercial fire service is complete, Property Owner shall be responsible for all normal and regular rates and standby charges charged by District.
6. The District shall reconnect all relocated existing meters to the customer's line.
7. The District shall pay all escrow and recording fees incurred in the transaction, and if title insurance is desired by the District, the premium charged therefore, and documentary stamp tax, if required, and all other costs or expenses required to close this transaction, including reconveyance fees and trustee's fees.
8. Property Owner shall retain exclusive possession of the property up to the date the Lateral extension is installed by the District.
10. Property Owner warrants that there are no oral or written unrecorded leases on all or any portion of the property exceeding a period of one month, and agrees to hold the District harmless from all loss, cost and expense occasioned by reason of any such lease for a period in excess of one month.
11. The parties hereto have set forth the whole of their agreement regarding said property and the works to be constructed pursuant thereto across the property of the grantor except only as specific obligations are provided in said grant deed.

Executed on this _____ day of _____, 2017.

Holguin Family Ventures LLC

By: _____
Andrew Holguin, President

CASITAS MUNICIPAL WATER DISTRICT

By: _____
Steven E. Wickstrum-General Manager

RECORDING REQUESTED BY
CASITAS MUNICIPAL WATER DISTRICT

No Fee Pursuant to Government Code 27383

WHEN RECORDED MAIL TO:
CASITAS MUNICIPAL WATER DISTRICT
1055 N. Ventura Avenue
Oak View, California 93022

AGREEMENT AND EASEMENT DEED

DOCUMENT NO. L.S.A.C - 2

The following Agreement is made this 19th day of April, 2017 between CASITAS MUNICIPAL WATER DISTRICT, called "CASITAS", Old Creek Road Water Company, called "OCRWC" and Holguin Family Ventures LLC called "OWNERS."

1. For valuable consideration, the OWNERS hereby grant to CASITAS and OCRWC a permanent easement for ingress and egress to lay, operate, maintain and replace pipelines, water distribution facilities and appurtenances thereof for the transportation of water over and through the following described land:

Parcel 3

A parcel of land ten (10) feet in width, the centerline being described as follows: Beginning at the westerly terminus of the centerline described as Parcel 1 in Book 2850 Page 556 of the Official Records in said County on August 25, 1965 as South 77 degrees 35 minutes 51 seconds East thence South 77 degrees 35 minutes and 51 seconds East 85 feet

2. For valuable consideration, the Owners hereby grant to Casitas a temporary easement for the construction and testing of pipelines and appurtenances over and through the following described land:

Two parcels of land, each ten (10) feet in width, one lying Northerly of, parallel with and adjoining the Northerly boundary of the said land described as Parcel 3 and one lying Southerly of, parallel with and adjoining the Southerly boundary of said land described in Parcel 3.

3. The easement granted includes the right to enter upon said land and to trim trees and remove objects which interfere with exercise of the rights granted.

4. All lines shall be laid so that no less than two (2) feet of earth measured from the outside of the pipe collar to the ground surface shall cover the lines, except that fixtures and appurtenances used or useful in the operation of the lines may be at any distance either below or above round surface.

5. The easement granted is subject to the following:

(a) Existing reservations and leases of record, if any, of oil, gas and minerals.

(b) Existing easements, rights, rights-of-way and restrictions of record.

(c) Liens of general and special taxes not yet payable.

6. The OWNERS shall not construct or maintain the whole or any part of any structure on said land in any manner which will impair or interfere with the easement rights hereby granted.


7. The OWNERS reserve all gas, oil, hydrocarbon substances and minerals but shall have no right to dig, drill or mine through the surface of said land therefor nor in such a way as to interfere with the exercise if the easement rights hereby granted.

8. CASITAS shall indemnify and hold harmless OWNER from any and all claims, demands, damages, costs or liabilities whatsoever, arising out of or connected with this agreement based upon action by CASITAS and actions by third parties not associated with OWNER.

IN WITNESS WHEREOF the parties hereto has executed this agreement in several counterparts on the date first set forth above.

Holguin Family Ventures LLC

Date: 4/17/2017

By: 
Andrew Holguin, President

Old Creek Road Water Company

Date: 4-19-17

By: 
Chris Moore, Representative

CASITAS MUNICIPAL WATER DISTRICT

Date: _____

By: _____
Steven E. Wickstrum, General Manager

CERTIFICATE OF ACKNOWLEDGEMENT OF NOTARY PUBLIC

* * * * *

ACCEPTANCE AND CONSENT TO RECORDATION

This is to certify that the interest in real property conveyed by the deed or grant set forth dated _____, from _____ to CASITAS Municipal Water District, a political corporation and/or governmental agency, is hereby accepted by the order of the Board of Directors on _____ and the grantee(s) consent(s) to recordation thereof by its duly authorized officer.

Date: _____

CASITAS MUNICIPAL WATER DISTRICT

By: _____
Steven E. Wickstrum, General Manager

CERTIFICATE OF ACKNOWLEDGEMENT OF NOTARY PUBLIC

CERTIFICATE OF ACKNOWLEDGMENT OF NOTARY PUBLIC

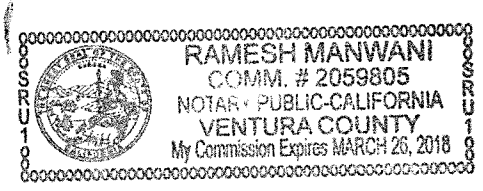
| A notary public or other officer completing this certificate verifies only the |
| identity of the individual who signed the document to which this certificate |
is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss.
County of Ventura)

On 17 APRIL 2017 before me, Ramesh Manwani (Notary Public) (here
insert name and title of the officer), a notary public, personally appeared
Andrew R. Holguin HOLGUIN

_____, who
proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/
are subscribed to the within instrument and acknowledged to me that he/she/they
executed the same in his/her/their authorized capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s), or the entity upon behalf of which the person
(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing is true and correct.



[NOTARIAL SEAL]

WITNESS my hand and official seal.

[Signature]

Signature of Notary Public

My commission expires: MAR, 16 2018

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189



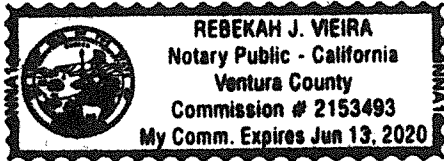
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Ventura)
On April 19, 2017 before me, Rebekah J. Vieira, Notary Public
Date Here Insert Name and Title of the Officer
personally appeared Chris Moore
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Rebekah J. Vieira
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

Corporate Officer — Title(s): _____

Partner — Limited General

Individual Attorney in Fact

Trustee Guardian or Conservator

Other: _____

Signer Is Representing: _____

Signer's Name: _____

Corporate Officer — Title(s): _____

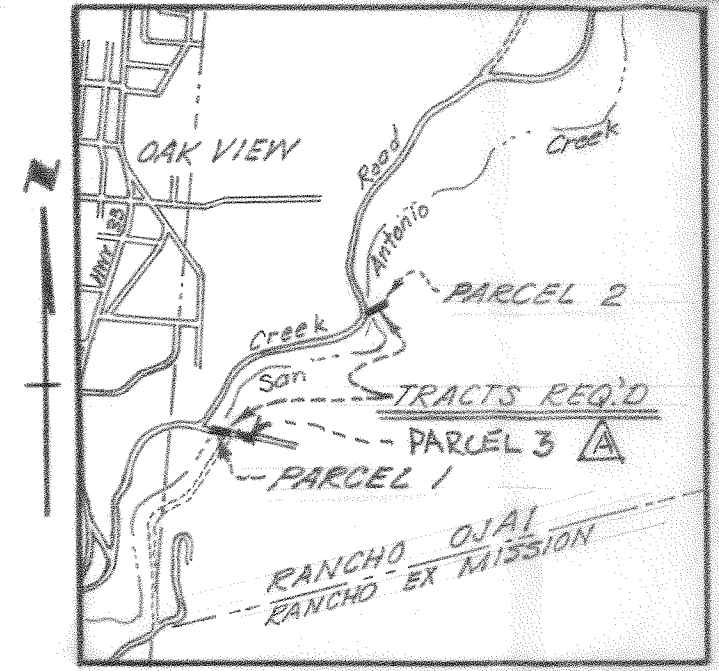
Partner — Limited General

Individual Attorney in Fact

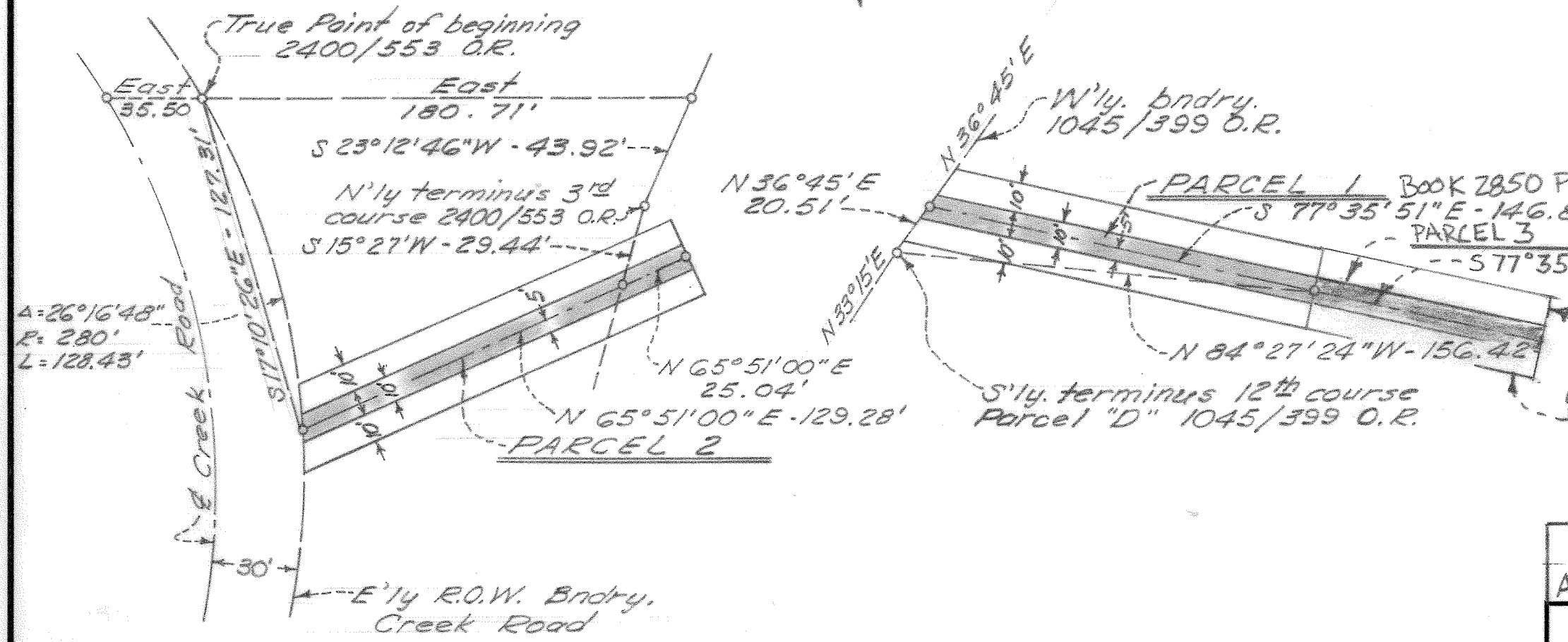
Trustee Guardian or Conservator

Other: _____

Signer Is Representing: _____



KEY MAP
 Portion of Tract 1 of
 Bord subdivision
 Rancho Ojai
 County of Ventura
 Scale: 1" = 2000'



PERMANENT EASEMENT

TEMPORARY EASEMENT

A	ADDED PARCEL 3 L.S.A.C-2	
	HOLGUIN FAMILY VENTURES	NC 4/20/17
VENTURA RIVER MUNICIPAL WATER DISTRICT OAK VIEW, CALIFORNIA LOWER SAN ANTONIO CREEK DISTRIBUTION SYSTEM RIGHT OF WAY UNIT #1 \triangle #2 EDITH SCOTT WILLETT \triangle		
DRAWN <u>J.M.S.</u>		SUBMITTED _____
TRACED _____		APPROVED _____
CHECKED _____		
SCALE: 1" = 50'	DATE: 8-18-65	NO: ROW-126

CASITAS MUNICIPAL WATER DISTRICT
Payable Fund Check Authorization
Checks Dated 04/12/17-04/19/17
Presented to the Board of Directors For Approval April 26, 2017

Check	Payee		Description	Amount
000717	Payables Fund Account	# 9759651478	Accounts Payable Batch 041217	\$597,633.43
000718	Payables Fund Account	# 9759651478	Accounts Payable Batch 041917	\$150,646.13
				\$748,279.56
000719	Payroll Fund Account	# 9469730919	Estimated Payroll 5/11/17	\$160,000.00
			Total	\$908,279.56

Publication of check register is in compliance with Section 53065.6 of the Government Code which requires the District to disclose reimbursements to employees and/or directors.

The above numbered checks, 000717-000719 have been duly audited is hereby certified as correct.

Denise Collin 4/19/17

 Denise Collin, Accounting Manager/Treasurer

 Signature

 Signature

 Signature

A/P Fund

Publication of check register is in compliance with Section 53065.6 of the Government Code which requires the District to disclose reimbursements to employees and/or directors.

000717	A/P Checks:	26186-26201
	A/P Draft to P.E.R.S.	000000
	A/P Draft to State of CA	000000
	A/P Draft to I.R.S.	000000
	Voids:	

000718	A/P Checks:	26202-26291
	A/P Draft to P.E.R.S.	000000
	A/P Draft to State of CA	
	A/P Draft to I.R.S.	
	Voids:	26255-26256

The above numbered checks, have been duly audited are hereby certified as correct.

Denise Collin 4/19/17

Denise Collin, Accounting Manager/Treasurer

Signature

Signature

Signature

CERTIFICATION

Payroll disbursements for the pay period ending 04/08/17
Pay Date of 04/13/17
have been duly audited and are
hereby certified as correct.

Signed: Denise Collin 4/10/17
Denise Collin

Signed: _____
Signature

Signed: _____
Signature

Signed: _____
Signature

VENDOR SET: 01 Casitas Municipal Water D
BANK: * ALL BANKS
DATE RANGE: 4/12/2017 THRU 4/19/2017

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
C-CHECK	VOID CHECK	V	4/19/2017			026255		
C-CHECK	VOID CHECK	V	4/19/2017			026256		

* * T O T A L S * *

	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
REGULAR CHECKS:	0	0.00	0.00	0.00
HAND CHECKS:	0	0.00	0.00	0.00
DRAFTS:	0	0.00	0.00	0.00
EFT:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
VOID CHECKS:	2	VOID DEBITS 0.00 VOID CREDITS 0.00	0.00	0.00

TOTAL ERRORS: 0

VENDOR SET: 01	BANK:	TOTALS:	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
			2	0.00	0.00	0.00
BANK:	TOTALS:		2	0.00	0.00	0.00

VENDOR SET: 01 Casitas Municipal Water D
 BANK: AP ACCOUNTS PAYABLE
 DATE RANGE: 4/12/2017 THRU 4/19/2017

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00049	STATE OF CALIFORNIA							
I-T2 201704101202	State Withholding	D	4/12/2017	10,003.01		000000		10,003.01
00128	INTERNAL REVENUE SERVICE							
I-T1 201704101202	Federal Withholding	D	4/12/2017	30,080.22		000000		
I-T3 201704101202	FICA Withholding	D	4/12/2017	28,768.76		000000		
I-T4 201704101202	Medicare Withholding	D	4/12/2017	6,728.16		000000		65,577.14
00187	CALPERS							
I-PBB201704101202	PERS BUY BACK	D	4/12/2017	66.87		000000		
I-PBP201704101202	PERS BUY BACK	D	4/12/2017	161.96		000000		
I-PEB201704101202	PEPRA EMPLOYEES PORTION	D	4/12/2017	3,420.99		000000		
I-PEM201704101202	PERS EMPLOYEE PORTION MGMT	D	4/12/2017	2,868.78		000000		
I-PER201704101202	PERS EMPLOYEE PORTION	D	4/12/2017	6,826.28		000000		
I-PRB201704101202	PEBRA EMPLOYER PORTION	D	4/12/2017	3,587.92		000000		
I-PRR201704101202	PERS EMPLOYER PORTION	D	4/12/2017	10,709.84		000000		27,642.64
09182	CALPERS							
I-100000014935439	Unfunded Accrued Liab. 4/17	D	4/19/2017	18,119.49		000000		
I-100000014935448	Unfunded Accrued Liab. 4/17	D	4/19/2017	30.35		000000		18,149.84
00004	ACWA JOINT POWERS INSURANCE AU							
I-0457647	Health Insurance 02/17	R	4/12/2017	134,518.55		026186		
I-0463665	Health Insurance 03/17	R	4/12/2017	135,494.90		026186		270,013.45
00021	AWA OF VENTURA COUNTY							
I-042017	AWA/CCWUC Luncheon 4/20/17	R	4/12/2017	680.00		026187		680.00
00756	BOARD OF EQUALIZATION							
I-041017	Use Tax Return 15300115	R	4/12/2017	4,238.00		026188		4,238.00
02796	Bruce W. Hull & Associates, In							
I-041017	GSWC Ancillary Prof. Serv.	R	4/12/2017	2,687.50		026189		2,687.50
01764	DataProse, LLC							
I-DP1700735	UB Mailing 2/28/17	R	4/12/2017	1,841.32		026190		1,841.32
02720	Garda CL West, Inc.							
I-10293567	Armored Truck Service	R	4/12/2017	633.38		026191		633.38
02724	Michael Moler							
I-March 17	Reimburse Mileage 3/17	R	4/12/2017	227.91		026192		227.91

VENDOR SET: 01 Casitas Municipal Water D
 BANK: AP ACCOUNTS PAYABLE
 DATE RANGE: 4/12/2017 THRU 4/19/2017

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00160	OILFIELD ELECTRIC CO, INC							
I-040617	TP Electrical Upgrade	R	4/12/2017	7,837.50		026193		
I-9945	Ave No 1 PP Electrical Upgrade	R	4/12/2017	195,360.66		026193		203,198.16
00225	UNDERGROUND SERVICE ALERT							
I-320170095	126 New Ticket Charges	R	4/12/2017	189.00		026194		189.00
01283	Verizon Wireless							
I-9783261257	Monthly Cell Charges - DO	R	4/12/2017	1,246.02		026195		
I-9783261813	Monthly Cell Charges - LCRA	R	4/12/2017	493.08		026195		1,739.10
00124	ICMA RETIREMENT TRUST - 457							
I-CUI201704101202	457 CATCH UP	R	4/12/2017	461.54		026196		
I-DCI201704101202	DEFERRED COMP FLAT	R	4/12/2017	2,109.62		026196		
I-DI%201704101202	DEFERRED COMP PERCENT	R	4/12/2017	89.81		026196		2,660.97
01960	Moringa Community							
I-MOR201704101202	PAYROLL CONTRIBUTIONS	R	4/12/2017	16.75		026197		16.75
00985	NATIONWIDE RETIREMENT SOLUTION							
I-DCN201704101202	DEFERRED COMP FLAT	R	4/12/2017	4,242.50		026198		
I-DN%201704101202	DEFERRED COMP PERCENT	R	4/12/2017	387.59		026198		4,630.09
00180	S.E.I.U. - LOCAL 721							
I-COP201704101202	SEIU 721 COPE	R	4/12/2017	39.50		026199		
I-UND201704101202	UNION DUES	R	4/12/2017	724.75		026199		764.25
01400	STATE DISBURSEMENT UNIT							
I-CS4201704101202	Payroll Deduction 10-D000121	R	4/12/2017	830.76		026200		830.76
00230	UNITED WAY							
I-UWY201704101202	PAYROLL CONTRIBUTIONS	R	4/12/2017	60.00		026201		60.00
00006	ADAMSON'S AUTOMOTIVE REPAIR							
I-005518	Tow - Unit 16	R	4/19/2017	125.00		026202		125.00
01325	Aflac Worldwide Headquarters							
I-517587	Supplemental Insurance 3/17	R	4/19/2017	5,105.34		026203		
I-947356	Supplemental Insurance 4/17	R	4/19/2017	3,403.56		026203		8,508.90
00010	AIRGAS USA LLC							
I-9061783665	Sun Protector, Kneepads- TP	R	4/19/2017	56.81		026204		56.81

VENDOR SET: 01 Casitas Municipal Water D
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 DATE RANGE: 4/12/2017 THRU 4/19/2017

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00011	ALERT COMMUNICATIONS							
	C-170400847201 Call Center 4/17	R	4/19/2017	190.90CR		026205		
	I-170300847101 Call Center 4/17	R	4/19/2017	256.05		026205		65.15
09835	ANCHOR CONCRETE CUTTING							
	I-600 Concrete Coring - LCRA	R	4/19/2017	380.00		026206		380.00
02978	APC Play							
	I-1702017 Replacement Shade Covers - WP	R	4/19/2017	2,306.85		026207		2,306.85
00417	APPLIED INDUSTRIAL TECHNOLOGY							
	I-7010293418 Lubriplate - TP	R	4/19/2017	22.78		026208		22.78
00014	AQUA-FLO SUPPLY							
	I-SI1010205 PVC Fittings & Coupling - LCRA	R	4/19/2017	4.17		026209		
	I-SI1015901 Marking Flags, Hedge Shear -UT	R	4/19/2017	72.09		026209		
	I-SI1021650 PVC Fittings - UT	R	4/19/2017	18.04		026209		94.30
00840	AQUA-METRIC SALES COMPANY							
	I-0064865IN Measuring Chambers - UT	R	4/19/2017	916.91		026210		916.91
01666	AT & T							
	I-000009521875 T-1 Lines 9391051740	R	4/19/2017	83.43		026211		83.43
00018	AT & T MOBILITY							
	I-829434088x04142017 PT Wildlife Biol Monthly Cell	R	4/19/2017	11.69		026212		11.69
00020	AVENUE HARDWARE, INC							
	I-D66248 Wire Cable, Wire Roll - LCRA	R	4/19/2017	44.35		026213		44.35
00030	B&R TOOL AND SUPPLY CO							
	I-1900895440 Kingston Meter Parts - UT	R	4/19/2017	171.85		026214		
	I-1900895910 Face Shields - UT	R	4/19/2017	15.43		026214		
	I-1900895911 Faceshield, Wire Stripper - UT	R	4/19/2017	48.73		026214		
	I-1900896348 Socket, Slotted Screw - EM	R	4/19/2017	36.17		026214		272.18
00679	BAKERSFIELD PIPE & SUPPLY INC							
	I-S2338640001 Gaskets - EM	R	4/19/2017	252.48		026215		
	I-S2342250001 Full Face Gasket - EM	R	4/19/2017	18.48		026215		270.96
00036	BC TREE SERVICE, INC							
	I-2330 Dead Tree Removal	R	4/19/2017	2,400.00		026216		2,400.00

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VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00463	Cal-Coast Machinery							
I-385915	Grass Mulching - LCRA	R	4/19/2017	34.07		026217		
I-392582	Cable - LCRA	R	4/19/2017	26.34		026217		60.41
00055	CASITAS BOAT RENTALS							
I-Mar 17	Gas for Boats - LCRA	R	4/19/2017	840.23		026218		840.23
02869	Center for Collaborative Polic							
I-1071205	Casitas/Ventura Mediation	R	4/19/2017	510.00		026219		510.00
00511	Centers for Family Health							
I-67060	Drug Screening	R	4/19/2017	180.00		026220		180.00
00117	CERTEX USA, INC							
I-1071876800	Alloy Chain - Lab	R	4/19/2017	72.51		026221		
I-1071877300	Coupling Link - Lab	R	4/19/2017	62.29		026221		134.80
00062	CONSOLIDATED ELECTRICAL							
I-9009750147	Clampbacks - EM	R	4/19/2017	25.00		026222		25.00
00719	CORELOGIC INFORMATION SOLUTION							
I-81793127	Realquest Subscription	R	4/19/2017	137.50		026223		137.50
02041	Custom Mailing Solutions, Inc							
I-7485	Prop 218 Mailer	R	4/19/2017	1,398.89		026224		1,398.89
01001	CUSTOM PRINTING							
I-143000	Prop 218 Mailer Printing	R	4/19/2017	1,175.61		026225		1,175.61
03014	Marisela Delgadillo							
I-537008	Camping Fee Refund 537008	R	4/19/2017	57.50		026226		57.50
00740	DELL MARKETING L.P.							
I-10157773595	Computer & Monitor - Admin	R	4/19/2017	994.25		026227		994.25
02667	Digital Telecommunications Cor							
I-26755	Relocate Extension - Admin	R	4/19/2017	225.00		026228		225.00
00085	DON'S INDUSTRIAL SUPPLY, LLC							
I-360226	Hydrant Adapter - UT	R	4/19/2017	67.91		026229		67.91
00086	E.J. Harrison & Sons Inc							
I-890	Acct#500139629	R	4/19/2017	410.74		026230		410.74

VENDOR SET: 01 Casitas Municipal Water D
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VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
02254	Ergomart.com							
I-221364	Keyboard & Monitor Stand	R	4/19/2017	521.61		026231		521.61
00095	FAMCON PIPE & SUPPLY							
I-190486	Gaskets, Hydrant Extension -PL	R	4/19/2017	104.57		026232		104.57
00013	FERGUSON ENTERPRISES INC							
C-CM788186	Mixing Valve Warranty	R	4/19/2017	636.41CR		026233		
C-CM791829	Restocking Fee	R	4/19/2017	112.31CR		026233		
I-4473212	Mixing Valve - LCRA	R	4/19/2017	761.36		026233		
I-4502750	Circulating Pump - LCRA	R	4/19/2017	477.22		026233		489.86
00099	FGL ENVIRONMENTAL							
I-702837A	Lake Nutrient Monitoring 3/1/17	R	4/19/2017	1,472.00		026234		
I-702838A	Manganese Monitoring 3/1/17	R	4/19/2017	145.00		026234		
I-702927A	Nitrate Monitoring 3/8/17	R	4/19/2017	61.00		026234		
I-703585A	Nitrate Monitoring 3/23/17	R	4/19/2017	43.00		026234		
I-703755A	Nitrate Monitoring 3/28/17	R	4/19/2017	43.00		026234		1,764.00
00101	FISHER SCIENTIFIC							
I-0823708	Memory Card - PL	R	4/19/2017	58.80		026235		
I-8700731	Soap Softcide - Lab	R	4/19/2017	37.33		026235		
I-9314499	Plate Count Agar - Lab	R	4/19/2017	92.93		026235		189.06
00104	FRED'S TIRE MAN							
I-98823	Install Tires - JD Mower	R	4/19/2017	88.43		026236		
I-99082	Flat Repair - Unit 277	R	4/19/2017	20.00		026236		108.43
00106	FRONTIER PAINT							
I-F0223942	Urethane - WP	R	4/19/2017	55.07		026237		55.07
01280	FRY'S ELECTRONICS, INC.							
I-6710417	Monitors, Keyboards - LCRA	R	4/19/2017	698.47		026238		
I-6710429	Monitor - LCRA	R	4/19/2017	145.00		026238		843.47
03013	Good Fix							
I-8337	Patch Cable - Lab	R	4/19/2017	15.03		026239		15.03
00115	GRAINGER, INC							
I-9401558433	Suction Pipe - UT	R	4/19/2017	35.35		026240		
I-9415112185	Gloves - EM	R	4/19/2017	11.31		026240		46.66
02217	Greg Rents							
I-41905	Slurry Back Fill - PL	R	4/19/2017	79.35		026241		79.35

VENDOR SET: 01 Casitas Municipal Water D
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 DATE RANGE: 4/12/2017 THRU 4/19/2017

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
03015	Michael Habich I-537509 Camping Fee Refund 537509	R	4/19/2017	145.00		026242		145.00
00121	HACH COMPANY							
	I-10389762 Sample Vials - TP	R	4/19/2017	272.31		026243		
	I-10400255 Reagents - Lab	R	4/19/2017	120.38		026243		
	I-10402380 Ammonia Reagent - Lab	R	4/19/2017	81.88		026243		474.57
01772	HASAN CONSULTANTS							
	I-033117 LCRA Sewer Study	R	4/19/2017	3,750.00		026244		3,750.00
00126	CAROLE ILES							
	I-Mar 17 Reimburse Mileage 3/17	R	4/19/2017	33.71		026245		33.71
00127	INDUSTRIAL BOLT & SUPPLY							
	I-1768711 Bolts & Nuts - PL	R	4/19/2017	240.24		026246		
	I-1775201 Washes & Bolts - EM	R	4/19/2017	43.19		026246		283.43
00872	Irrisoft, Inc.							
	I-6045 Weather Station Signal	R	4/19/2017	79.00		026247		79.00
02344	Janitek Cleaning Solutions							
	I-27187A Janitorial Services - DO	R	4/19/2017	1,395.00		026248		1,395.00
00131	JCI JONES CHEMICALS, INC							
	I-717683 Chlorine - TP, CM 717688	R	4/19/2017	1,650.00		026249		1,650.00
01022	KELLY CLEANING & SUPPLIES, INC							
	I-363576 Janitorial Services - LCRA	R	4/19/2017	280.00		026250		280.00
01270	SCOTT LEWIS							
	I-Mar 17 Reimburse Expenses 3/17	R	4/19/2017	2,636.72		026251		2,636.72
00328	LIGHTNING RIDGE							
	I-21254 Staff Shirts - WP	R	4/19/2017	877.19		026252		877.19
00329	MCMASTER-CARR SUPPLY CO.							
	I-22516991 Nylon Sheet - Unit 87	R	4/19/2017	62.79		026253		62.79
00151	MEINERS OAKS ACE HARDWARE							
	I-761909 Shade Cloths, Sand Bags - Fish	R	4/19/2017	101.62		026254		
	I-762399 Gloves, Cable Ties, Bolts, Screws	R	4/19/2017	84.47		026254		
	I-763005 Totes, Keys, Batteries - Fish	R	4/19/2017	88.76		026254		
	I-763891 Cooler - PL	R	4/19/2017	32.16		026254		
	I-765672 Gloves, Tray, Drop Cloth - TP	R	4/19/2017	30.89		026254		
	I-765831 Wallplates, Jack - TP	R	4/19/2017	27.39		026254		
	I-766222 Rebar - LCRA	R	4/19/2017	18.73		026254		
	I-766836 Brush Cutter Blades - LCRA	R	4/19/2017	11.79		026254		

VENDOR SET: 01 Casitas Municipal Water D
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 DATE RANGE: 4/12/2017 THRU 4/19/2017

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
I-766852	Door Stop - Dist. Maint.	R	4/19/2017	3.11		026254		
I-766998	Sprayer Tank, Paintbrushes - WP	R	4/19/2017	80.30		026254		
I-766999	Wall Plate - WP	R	4/19/2017	1.75		026254		
I-767066	Saw Hole, Bit Pilot Drill - UT	R	4/19/2017	22.42		026254		
I-767087	Latching Totes, Tape-Fisheries	R	4/19/2017	67.02		026254		
I-767114	Toilet Seat, Flusher - PL	R	4/19/2017	20.76		026254		
I-767404	Batteries, Sand Paper, Broom-WP	R	4/19/2017	164.46		026254		
I-767459	Masking Tape, Gloves - IT	R	4/19/2017	27.84		026254		
I-767622	Extension Cord - LCRA	R	4/19/2017	21.46		026254		
I-767661	Copper Elbows - TP	R	4/19/2017	7.72		026254		
I-767706	Bolts & Screws - Unit 87	R	4/19/2017	9.69		026254		
I-767966	Fittings, Single Cut Key - WP	R	4/19/2017	42.80		026254		
I-768143	Box Screw Covers - LCRA	R	4/19/2017	63.42		026254		
I-768167	Spraypaint. Hinge - PL	R	4/19/2017	20.47		026254		
I-768449	Bushings, Screwdriver - UT	R	4/19/2017	34.29		026254		
I-768839	Bolts & Screws - IT	R	4/19/2017	3.95		026254		987.27
00980	MISCOWATER							
I-CF11626	Chlorine Ejector Parts - TP	R	4/19/2017	1,304.12		026257		1,304.12
02724	Michael Moler							
I-April 17	Reimburse Expense 4/17	R	4/19/2017	1,020.38		026258		1,020.38
00163	OFFICE DEPOT							
I-917225485001	File Folders - Admin	R	4/19/2017	60.36		026259		60.36
01570	Ojai Auto Supply LLC							
C-401308	LED Lamp Flange Return	R	4/19/2017	56.30CR		026260		
I-401158	LED Lamp Flange	R	4/19/2017	56.30		026260		
I-401261	Fuel Line Hose - Unit 55	R	4/19/2017	3.20		026260		3.20
00169	OJAI VALLEY SANITARY DISTRICT							
I-19234	Cust # 52921	R	4/19/2017	56.43		026261		
I-20594	Cust #20594	R	4/19/2017	169.29		026261		225.72
01627	OSCAR'S TREE SERVICE							
I-12943	Hanging Branch Removal - LCRA	R	4/19/2017	750.00		026262		750.00
02495	Pacific Marine Repair Inc.							
I-734848	Coolant Reservoir	R	4/19/2017	41.77		026263		41.77
03016	Lindsay Paul							
I-537524	Camping Fee Refund 537524	R	4/19/2017	90.00		026264		90.00

VENDOR SET: 01 Casitas Municipal Water D
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VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00627	PORT SUPPLY							
I-3778241	Rain Jackets - TP	R	4/19/2017	144.24		026265		144.24
02833	Praxair, Inc							
I-76783249	Liquid Oxygen - TP	R	4/19/2017	1,738.74		026266		
I-76918471	Liquid Oxygen - TP	R	4/19/2017	2,162.39		026266		3,901.13
01439	PRECISION POWER EQUIPMENT							
I-2583	Washers & Nuts - UT	R	4/19/2017	11.83		026267		11.83
10042	PSR ENVIRONMENTAL SERVICE, INC							
I-8111	Gas Tank Inspection - DO	R	4/19/2017	220.00		026268		
I-8112	Gas Tank Inspection - LCRA	R	4/19/2017	220.00		026268		440.00
10131	RESOURCE ACTION PROGRAMS							
I-13117078981795IN	Water Education Program	R	4/19/2017	414.00		026269		414.00
00033	ROBERT SKEELS & CO.							
I-32458	Padlocks - UT	R	4/19/2017	81.42		026270		81.42
00313	ROCK LONG'S AUTOMOTIVE							
I-20496	Throttle Body, EGR - Unit 42	R	4/19/2017	858.38		026271		858.38
03017	Gerardo Rodriguez							
I-537512	Camping Fee Refund 537512	R	4/19/2017	115.50		026272		115.50
03005	Rolling Code 3							
I-1123	Surface Mount Light - Unit 49	R	4/19/2017	750.00		026273		750.00
02475	Rutan & Tucker, LLP							
I-774054	Acct#0295180001 3/17	R	4/19/2017	42,251.10		026274		42,251.10
00725	SMART & FINAL							
I-185253	Lunchroom Supplies - LCRA	R	4/19/2017	80.20		026275		80.20
02003	Sostre Enterprises Inc.							
I-3336	Website CMS Fee/Hosting	R	4/19/2017	249.00		026276		249.00
02950	Stantec Consulting Services In							
I-1748448	Rate Study 4/6/17	R	4/19/2017	3,326.38		026277		3,326.38
02703	Sunbelt Rentals							
I-67521728001	Excavator Rental Rincon Repair	R	4/19/2017	2,985.50		026278		2,985.50

VENDOR SET: 01 Casitas Municipal Water D
 BANK: AP ACCOUNTS PAYABLE
 DATE RANGE: 4/12/2017 THRU 4/19/2017

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
02643	Take Care by WageWorks							
I-5585469	Reimburse Medical	R	4/19/2017	410.00		026279		
I-5606742	Reimburse Medical	R	4/19/2017	893.40		026279		1,303.40
02497	Total Barricade Service, Inc.							
I-40422	Traffic Control Signs - PL	R	4/19/2017	691.00		026280		691.00
01662	TYLER TECHNOLOGIES, INC.							
I-025184345	Monthly UB Online Fees	R	4/19/2017	153.00		026281		153.00
02888	UGSI Chemical Feed, Inc.							
I-SLS30137465	Timing Belt - TP	R	4/19/2017	21.49		026282		21.49
03018	Lisa Vales							
I-532636	Camping Fee Refund 532636	R	4/19/2017	104.50		026283		104.50
00247	County of Ventura							
I-240525/241257	Encroachment Permits	R	4/19/2017	540.00		026284		540.00
00248	COUNTY OF VENTURA							
I-IN0161543	Underground Tank Fees	R	4/19/2017	2,843.03		026285		
I-IN0161550	CUPA Fees Chlorination Station	R	4/19/2017	3,886.35		026285		6,729.38
00254	VENTURA LOCKSMITHS							
I-B17007	Duplicate Keys - TP	R	4/19/2017	41.83		026286		
I-B17014	Keys & Rings - LCRA	R	4/19/2017	132.45		026286		174.28
09955	VENTURA WHOLESALE ELECTRIC							
I-220666	Electrical Supplies- LCRA	R	4/19/2017	101.39		026287		
I-221021	Conduit for Kingston Meter	R	4/19/2017	383.48		026287		
I-223938	Low Volt Device - TP	R	4/19/2017	4.72		026287		489.59
02941	VWM Analytics							
I-60135	File #20165 3/17	R	4/19/2017	18,179.50		026288		18,179.50
02583	WageWorks							
I-INV113611	FSA Monthly Admin Fee	R	4/19/2017	175.00		026289		175.00
00536	Water Resource Engr Associates							
I-3052-4	Phase 2 - Design Report	R	4/19/2017	6,097.98		026290		6,097.98
1	PHILLIPE, JAMES G							
I-000201704121203	TS REFUND	R	4/19/2017	84.00		026291		84.00

VENDOR SET: 01 Casitas Municipal Water D
 BANK: AP ACCOUNTS PAYABLE
 DATE RANGE: 4/12/2017 THRU 4/19/2017

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
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* * T O T A L S * *	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
REGULAR CHECKS:	104	626,906.93	0.00	626,906.93
HAND CHECKS:	0	0.00	0.00	0.00
DRAFTS:	4	121,372.63	0.00	121,372.63
EFT:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
VOID CHECKS:	0	VOID DEBITS	0.00	
		VOID CREDITS	0.00	
			0.00	0.00

TOTAL ERRORS: 0

VENDOR SET: 01	BANK: AP	TOTALS:	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
			108	748,279.56	0.00	748,279.56
BANK: AP	TOTALS:		108	748,279.56	0.00	748,279.56
REPORT TOTALS:			108	748,279.56	0.00	748,279.56

MEMORANDUM

TO: Board of Directors
From: Steven E. Wickstrum, General Manager
RE: CFD 2013-01 (Ojai) 2017 Special Tax Bonds
Date: April 20, 2017

RECOMMENDATION:

It is recommended that the Board of Directors adopt "Resolution of the Board of Directors of the Casitas Municipal Water District authorizing the issuance, in two series, of the Casitas Municipal Water District Community Facilities District No. 2013-1 (Ojai) 2017 Special Tax Bonds, and approving related documents and actions.

BACKGROUND AND DISCUSSION:

The District formed the Casitas Municipal Water District Community Facilities District No. 2013-1 (Ojai) ("CFD") at the request of the residents served by Golden State Water Company ("Golden State"), for the purpose of funding acquisition of Golden State's Ojai water system ("System") and improvements thereto, to be owned and operated by the District.

The District and Golden State have entered into a Settlement Agreement for the acquisition of the System, with the acquisition price ("Judgment Amount") to be paid by June 15, 2017. It is now appropriate to approve the issuance of special tax bonds ("Bonds") by the CFD to pay the acquisition price and fund improvements that the District estimates will be required in the first several years of operation of the System.

The Judgment Amount is \$34,481,628. Staff anticipates that there will be approximately \$10.5 million in infrastructure costs associated with the System in the first 3 years. The rules for issuance of tax-exempt bonds limit the amount of funding for improvements to an amount that the District expects to reasonably spend in the first 3 years after acquisition of the System. If additional funding is needed after the \$10.5 million is spent, the CFD has the ability to issue additional special tax bonds for that purpose.

In order to provide for the total \$10.5 million capital costs, staff recommends that the District fund \$8,074,000 from Bond proceeds, \$913,000 from the collection of Golden State's final billings that will be paid to the District (and financed as part of the Judgment Amount), as well as \$1,572,000 from a portion of the annual Special Tax levy in the first 3 years in excess of the amount to pay debt service on the Bonds. The total costs and funding sources are shown below:

	Judgment Amount	Improvements Years 1-3	Total
Bond Proceeds	\$34,481,628	8,074,000	\$42,555,628
GS Final Billings to Be Collected by CMWD		913,000	913,000
Special Tax in Excess of Debt Service Years 1-3		1,572,000	1,572,000
Total	\$34,481,628	\$10,559,000	\$45,040,628

Staff recommends that the District levy the Special Tax in the first 3 years at 90% of the maximum authorized tax rate following the issuance of the Bonds. For the largest residential parcels, this is approximately \$2,039. The Special Tax levy will generate approximately \$500,000 each year above the amount needed for debt service, which is shown in the table above as being applied to the improvements costs. Once the District completes the evaluation of the condition of the System, it will better be able to determine if additional funding is needed for further improvements. In year 3, if no additional bonds are necessary to fund additional repairs or replacements, the special tax will decrease to an amount needed to pay debt service on the Bonds, otherwise it will continue at the higher amount to service the additional bonds. In any case, it is unlikely to ever be levied in excess of 90% of the maximum authorized amount.

The proceeds from the Bonds are estimated to be used as follows:

Judgment Amount	\$34,481,628
Improvements	<u>8,074,000</u>
Subtotal Project Fund	\$42,555,628
Remaining Legal Expenses	100,000
Capitalized Interest (through September 2017)	482,000
Costs of Issuance	495,000
Bond Insurance/Surety Bond Premium	467,372
Total	\$44,100,000

In establishing the CFD, it was structured so that the CFD could issue a small first series of special tax bonds to pay legal expenses in connection with the eminent domain action for System acquisition, and a second bond could be issued to pay the acquisition price. The Special Tax formula has two tiers of rates, one lower rate to pay the legal costs prior to issuance of the 2nd bond and one higher rate to pay for the System. There are approximately \$100,000 in legal costs remaining from the legal action, which would be funded from a \$100,000 Special

Tax Bonds, Series A, with the balance of the System costs to be funded by approximately \$44,000,000 Special Tax Bonds, Series B.

The Board acts as the governing body of the CFD. The Board has been presented with a resolution to authorize issuance of the two series of Special Tax Bonds. The resolution approves the following, in the draft form on file with the Clerk of the Board:

- Fiscal Agent Agreement between the District (on behalf of the CFD) and US Bank, acting as fiscal agent for the Bonds,
- Bond Purchase Agreement between the District (on behalf of the CFD) and Piper Jaffray & Co., acting as underwriter for the Bonds, and
- Preliminary Official Statement for the Bonds, including the Continuing Disclosure Agreement attached as Appendix E.

The resolution also authorizes the underwriter to distribute the Preliminary Official Statement to investors, and authorizes the General Manager to execute documents in connection with the issuance of the Bonds within certain parameters.

In order to complete the funding of the Judgment Amount by June 15, 2017, the Bonds will be offered for sale during the week of May 8 and the bond proceeds should be available by June 1. The staff has submitted the bond issue to Standard & Poor's Rating Agency for a credit rating and to various bond insurance companies to insure the payment of the bonds. Both of these actions will minimize the cost of the financings and ultimately reduce the required special tax rates to the maximum extent possible. Currently, the expected interest rate is 4.00% for the 30 year financing. The final interest rate will not be established until the Bonds are sold in May.

Attachments:

Resolution

Preliminary Official Statement

CASITAS MUNICIPAL WATER DISTRICT

RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASITAS MUNICIPAL WATER DISTRICT AUTHORIZING THE ISSUANCE, IN TWO SERIES, OF CASITAS MUNICIPAL WATER DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2013-1 (OJAI) 2017 SPECIAL TAX BONDS, AND APPROVING RELATED DOCUMENTS AND ACTIONS

WHEREAS, the Board of Directors of the Casitas Municipal Water District (the “Board of Directors”) has conducted proceedings under and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the “Act”), to form the Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI) (the “CFD”), to authorize the levy of special taxes upon the land within the CFD, and to issue bonds secured by said special taxes to finance facilities authorized to be funded by the CFD; and

WHEREAS, there has been submitted to this Board of Directors a fiscal agent agreement (the “Fiscal Agent Agreement”) providing for the issuance, in two series, of special tax bonds (collectively, the “Bonds”) of the District for and on behalf of the CFD under the authority provided in the Act, and this Board of Directors now desires to approve the Fiscal Agent Agreement and the issuance of the Bonds; and

WHEREAS, the District proposes to sell the Bonds to Piper Jaffray & Co. (the “Underwriter”) pursuant to the terms of a bond purchase agreement (the “Bond Purchase Agreement”) by and between the District, for the CFD, and the Underwriter, and the Underwriter proposes to offer the Bonds to the investing public by means of a preliminary official statement (the “Preliminary Official Statement”); and

WHEREAS, it appears that each of said documents and instruments which are now before this meeting is in appropriate form and is an appropriate document or instrument to be executed and delivered for the purpose intended; and

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the Bonds as contemplated by this Resolution and the documents referred to herein exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including the Act.

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

1. Pursuant to the Act, this Resolution and the Fiscal Agent Agreement, special tax bonds of the District for and on behalf of the CFD designated as “Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI) 2017 Special Tax Bonds, Series A” and “Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI) 2017 Special Tax Bonds, Series B” in an aggregate principal amount not to exceed \$45,000,000, are

hereby authorized to be issued. The Bonds shall be executed in the form set forth in and otherwise as provided in the Fiscal Agent Agreement.

In furtherance of the issuance of the Bonds, the Board of Directors hereby makes the following findings and determinations: (i) the Bonds satisfy the requirements of Section 53345.8(a) of the Act in that the assessed value of the land in the CFD is more than three times the principal amount of the Bonds, and (ii) the Bonds are in compliance with the District's Local Goals and Policies Concerning Use of Mello-Roos Community Facilities Act of 1982. The Board of Directors hereby further finds and determines that the sale of the Bonds by negotiated sale to the Underwriter as contemplated by the Bond Purchase Agreement will result in a lower overall cost.

The Board of Directors hereby approves the Fiscal Agent Agreement in the form on file with the Clerk of the Board. The President, the General Manager and the Clerk of the Board (each, an "Authorized Officer"), each acting alone, are hereby authorized to execute the Fiscal Agent Agreement in such form, together with any additions thereto or changes therein deemed necessary or advisable by the General Manager upon consultation with Bond Counsel and the District's General Counsel, the approval of any such changes to be conclusively evidenced by the execution and delivery by an Authorized Officer of the Fiscal Agent Agreement. The proceeds of the Bonds shall be applied by the District for the purposes and in the amounts as set forth in the Fiscal Agent Agreement. The Board of Directors hereby authorizes the delivery and performance by the District of the Fiscal Agent Agreement.

2. The Bonds, when executed, shall be delivered to the Fiscal Agent (as defined in the Fiscal Agent Agreement) for authentication. The Fiscal Agent is hereby requested and directed to authenticate the Bonds by executing the Fiscal Agent's certificate of authentication and registration appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the Underwriter or its order in accordance with written instructions executed on behalf of the District by an Authorized Officer, which instructions each such Authorized Officer is hereby authorized to execute and deliver to the Fiscal Agent. Such instructions shall provide for the delivery of the Bonds to the Underwriter or its order in accordance with the Bond Purchase Agreement, upon payment of the purchase price therefor.

3. This Board of Directors hereby approves the sale of the Bonds to the Underwriter. The Bond Purchase Agreement, in the form on file with the Clerk of the Board, is hereby approved and the Authorized Officers, each acting alone, are hereby authorized to execute the Bond Purchase Agreement in said form, together with such changes therein or additions thereto as may be approved by the General Manager upon consultation with Bond Counsel and the District's General Counsel, provided that the aggregate principal amount of the Bonds does not exceed the amount set forth in Section 1, the true interest cost of each series of the Bonds is not in excess of 5%, and the Underwriter's discount (without regard to any original issue discount) for each series of the Bonds is not in excess of 1% of the principal amount of the Bonds.

4. This Board of Directors hereby approves the Preliminary Official Statement in the form on file with the Clerk of the Board, together with any changes therein or additions thereto deemed advisable by the General Manager. The Board of Directors authorizes the Authorized Officers, each acting alone, on behalf of the District and the CFD, to deem "final" pursuant to

Rule 15c2-12 under the Securities Exchange Act of 1934 (the “Rule”) the Preliminary Official Statement prior to its distribution by the Underwriter to prospective purchasers of the Bonds.

The Underwriter, on behalf of the District and the CFD, is authorized and directed to cause the Preliminary Official Statement to be distributed to such municipal bond broker-dealers, to such banking institutions and to such other persons as may be interested in purchasing the Bonds.

The Authorized Officers are hereby authorized and directed to assist Disclosure Counsel in causing the Preliminary Official Statement to be brought into the form of a final official statement (the “Final Official Statement”), and the Authorized Officers, each acting alone, are hereby authorized to execute the Final Official Statement and a statement that the facts contained in the Final Official Statement, and any supplement or amendment thereto (which shall be deemed an original part thereof for the purpose of such statement) were, at the time of sale of the Bonds, true and correct in all material respects and that the Final Official Statement did not, on the date of sale of the Bonds, and do not, as of the date of delivery of the Bonds contain any untrue statement of material fact with respect to the District or the CFD or omit to state material facts with respect to the District or the CFD required to be stated where necessary to make any statement made therein not misleading in the light of the circumstances under which it was made. The execution and delivery by an Authorized Officer of the Final Official Statement, which shall include such changes and additions thereto deemed advisable by the General Manager and such information permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, shall be conclusive evidence of the approval of the Final Official Statement by the District.

The Final Official Statement, when prepared, is approved for distribution in connection with the offering and sale of the Bonds.

5. The Continuing Disclosure Agreement, in the form attached as Appendix E to the Preliminary Official Statement, is hereby approved. The Authorized Officers, each acting alone, are hereby authorized to execute and deliver the Continuing Disclosure Agreement in said form, with such additions thereto or changes therein as are deemed necessary or advisable by the General Manager, the approval of any such changes to be conclusively evidenced by the execution and delivery by an Authorized Officer of the Continuing Disclosure Agreement.

6. The Board of Directors hereby authorizes and approves the following professionals to provide services in connection with the issuance of the Bonds:

(a) Fiscal Agent. U.S. Bank National Association is appointed as Fiscal Agent pursuant to the Fiscal Agent Agreement to take any and all action provided therein to be taken by the Fiscal Agent;

(b) Underwriter. Piper Jaffray & Co. is hereby appointed to serve as the Underwriter;

(c) Municipal Advisor. Harrell & Company Advisors, LLC is hereby appointed to provide financial advisory services in connection with the issuance of the Bonds;

(d) Bond Counsel. Rutan & Tucker, LLP is hereby appointed as bond counsel in connection with the issuance of the Bonds; and

(e) Disclosure Counsel. Quint & Thimmig LLP is hereby appointed as disclosure counsel in connection with the issuance of the Bonds.

7. The District hereby covenants, for the benefit of the Bondowners, to commence and diligently pursue to completion any foreclosure action regarding delinquent installments of any amount levied as a special tax for the payment of interest or principal of the Bonds, said foreclosure action to be commenced and pursued as more completely set forth in the Fiscal Agent Agreement.

8. All actions heretofore taken by the officers and agents of the District with respect to the sale and issuance of the Bonds are hereby approved, confirmed and ratified, and the proper officers of the District are hereby authorized and directed to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds in accordance with this Resolution, and any certificate, agreement, and other document described in the documents herein approved.

9. This Resolution shall take effect immediately upon its adoption.

PASSED and ADOPTED by the Board of Directors of the Casitas Municipal Water District at a regular meeting held on the 26th day of April, 2017.

RUSS BAGGERLY, PRESIDENT
CASITAS MUNICIPAL WATER DISTRICT

ATTEST:

BILL HICKS, SECRETARY,
CASITAS MUNICIPAL WATER DISTRICT

STATE OF CALIFORNIA
COUNTY OF VENTURA
CASITAS MUNICIPAL WATER DISTRICT

I, Rebekah Vieira, Clerk of the Board of the Board of Directors of the Casitas Municipal Water District hereby certify that the foregoing Resolution was duly adopted at a regular meeting of the Board of Directors of the Casitas Municipal Water District, held on the _____ day of _____, 2017, by the following vote:

AYES: DIRECTORS:
NOES: DIRECTORS:

ABSENT: DIRECTORS:

REBEKAH VIEIRA, CLERK OF THE
BOARD OF THE CASITAS MUNICIPAL
WATER DISTRICT

FISCAL AGENT AGREEMENT

by and between the

CASITAS MUNICIPAL WATER DISTRICT

and

**U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent**

dated as of May 1, 2017

relating to:

\$100,000

**Casitas Municipal Water District
Community Facilities District No. 2013-1
(OJAI)
2017 Special Tax Bonds, Series A**

\$ _____

**Casitas Municipal Water District
Community Facilities District No. 2013-1
(OJAI)
2017 Special Tax Bonds, Series B**

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EXHIBIT B – FORM OF BOND, SERIES B

FISCAL AGENT AGREEMENT

THIS FISCAL AGENT AGREEMENT (the “Agreement”), dated as of May 1, 2017, is by and between the Casitas Municipal Water District, a municipal water district organized and existing under the laws of the State of California (the “District”), for and on behalf of the Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI) (the “CFD”), and U.S. Bank National Association, a national banking association, duly organized and existing under the laws of the United States of America, as fiscal agent (the “Fiscal Agent”).

RECITALS:

WHEREAS, the Board of Directors of the District has formed the CFD under the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the California Government Code) (the “Act”) and Resolution 13-12 of the Board of Directors adopted on March 13, 2013;

WHEREAS, the Board of Directors of the District, as the legislative body with respect to the CFD, is authorized under the Act to levy special taxes to pay for the costs of facilities eligible to be financed by the CFD and to authorize the issuance of bonds secured by said special taxes under the Act;

WHEREAS, under the provisions of the Act, on _____, 2017, the Board of Directors of the District adopted its Resolution No. _____ (the “Resolution”), which resolution, among other matters, authorized the issuance of the Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI) 2017 Special Tax Bonds, Series A and Series B (the “2017 Bonds”) to provide moneys to finance the acquisition of a water system and other improvements and costs eligible to be funded by the CFD, and provided that said issuance would be in accordance with this Agreement, and authorized the execution hereof;

WHEREAS, it is in the public interest and for the benefit of the District, the CFD, the persons responsible for the payment of special taxes to be levied in the CFD and the owners of the 2017 Bonds that the District enter into this Agreement to provide for the issuance of the 2017 Bonds, in two or more series, the disbursement of proceeds of the 2017 Bonds, the disposition of the special taxes securing the 2017 Bonds and the administration and payment of the 2017 Bonds; and

WHEREAS, the District has determined that all things necessary to cause the 2017 Bonds, when authenticated by the District for and on behalf of the CFD and issued as in the Act, the Resolution and this Agreement provided, to be legal, valid and binding and special obligations of the District for and on behalf of the CFD in accordance with their terms, and all things necessary to cause the creation, authorization, execution and delivery of this Agreement and the creation, authorization, execution and issuance of the 2017 Bonds, subject to the terms hereof, have in all respects been duly authorized.

A G R E E M E N T:

NOW, THEREFORE, in consideration of the covenants and provisions herein set forth and for other consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

Article I. STATUTORY AUTHORITY AND DEFINITIONS

Section 1.01 Authority for this Agreement. This Agreement is entered into pursuant to the provisions of the Act and the Resolution.

Section 1.02 Agreement for Benefit of Bondowners. The provisions, covenants and agreements herein set forth to be performed by or on behalf of the District shall be for the equal benefit, protection and security of the Owners. All of the Bonds, without regard to the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by this Agreement. Any action by any Owner to enforce the provisions of this Agreement shall be for the equal benefit and protection of all Owners of the Bonds.

The Fiscal Agent may become the Owner of any of the Bonds in its own or any other capacity with the same rights it would have if it were not Fiscal Agent.

Section 1.03 Definitions. Unless the context otherwise requires, the terms defined in this Section 1.03 shall, for all purposes of this Agreement, of any Supplemental Agreement, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified. All references herein to “Articles”, “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement, and the words “herein”, “hereof”, “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof.

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

“Administrative Expenses” means any or all of the following: the fees and expenses of the Fiscal Agent (including any fees or expenses of its counsel), the expenses of the District in carrying out its duties hereunder (including, but not limited to, the levying and collection of the Special Taxes, and the foreclosure of the lien in respect of any delinquent Special Taxes) including the fees and expenses of its counsel, an allocable share of the salaries of District staff related thereto and a proportionate amount of District general administrative overhead related thereto, any amounts paid by the District from its general funds pursuant to Section 6.02, any amounts paid or payable to any persons or entities employed by the District in connection with the discharge of any of the District’s obligations hereunder (including, but not limited to, the calculation of the levy of the Special Taxes, foreclosures with respect to delinquent taxes, and the calculation of amounts subject to rebate to the United States), and all other costs and expenses of the District or the Fiscal Agent incurred in connection with the discharge of their respective duties hereunder or in connection with the 2017 Bonds and, in the case of the District, in any way related to the administration of the Bonds or the CFD (including, but not limited to,

administrative costs and expenses of the District. Administrative Expenses shall include any such expenses incurred in prior years but not yet paid.

“Administrative Expense Fund” means the fund by that name established by Section 3.06(A) hereof.

“Agreement” means this Fiscal Agent Agreement, as it may be amended or supplemented from time to time by any Supplemental Agreement adopted pursuant to the provisions hereof.

“Annual Debt Service” means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of the provisions of Section 2.03(A)(ii) providing for mandatory sinking payments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking payment due in such Bond Year pursuant to Section 2.03(A)(ii)).

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

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

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

“Bond Fund” means the fund by that name established by Section 4.02(A) hereof.

“Bond Year” means the one-year period beginning on September 2 in each year and ending on September 1st in the following year, both dates inclusive, except that the first Bond Year shall begin on the Closing Date and end on September 1, 2017.

“Bonds” means, collectively, the 2017 Series A Bonds, the 2017 Series B Bonds, and, if the context requires, any Parity Bonds, at any time Outstanding under this Agreement or any Supplemental Agreement.

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

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

“Closing Date” means May __, 2017, being the date upon which there is a physical delivery of the 2017 Bonds in exchange for the amount representing the purchase price of the 2017 Bonds by the Original Purchaser.

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

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, executed by the District and David Taussig & Associates, Inc. as the initial Dissemination Agent thereunder, dated as of the Closing Date, as originally executed and as it may be amended from time to time in accordance with its terms.

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the District and related to the authorization, sale and issuance of the 2017 Bonds which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees and charges of the Fiscal Agent including its first annual administration fee, fees and expenses of Fiscal Agent’s counsel, expenses incurred by the District in connection with the issuance of the 2017 Bonds (including, but not limited to, administrative costs and expenses of the District and the District Counsel), special tax consultant fees and expenses, legal fees and charges, including bond counsel and disclosure counsel, municipal advisor fees, rating fees, charges for execution, transportation and safekeeping of the 2017 Bonds and other costs, charges and fees in connection with the foregoing.

“Cost of Issuance Fund” means the fund by that name established by Section 3.07(A) hereof.

“County” means Ventura County, California.

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

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

“Depository” means (i) initially, DTC, and (ii) any other Securities Depository acting as Depository pursuant to Section 2.13.

“District” means the Casitas Municipal Water District.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated

interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, or (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

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

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

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

“Fiscal Agent” means the Fiscal Agent appointed by the District and acting as an independent fiscal agent with the duties and powers herein provided, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 7.01.

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

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

“Improvement Fund” means the fund by that name established by Section 3.04(A) hereof.

“Independent Financial Consultant” means any consultant or firm of such consultants appointed by the District, and who, or each of whom: (i) is judged by the General Manager to have experience in matters relating to the issuance and/or administration of bonds under the Act; (ii) is in fact independent and not under the domination of the District; (iii) does not have any substantial interest, direct or indirect, with or in the District, or any owner of real property in the CFD, or any real property in the CFD; and (iv) is not connected with the District as an officer or employee of the District, but who may be regularly retained to make reports to the District.

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

“Interest Payment Date” means March 1 and September 1 of each year, commencing September 1, 2017.

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

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

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

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

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

“Original Purchaser” means the first purchaser of the 2017 Bonds from the District, being Piper Jaffray & Co.

“Outstanding”, when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 8.04) all Bonds except: (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the District pursuant to this Agreement or any Supplemental Agreement.

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

“Parity Bonds” means bonds issued by the District for the CFD payable and secured on a parity with any then Outstanding Bonds, pursuant to Section 2.14 hereof.

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

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

(a) Federal Securities.

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

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

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

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

(f) An investment agreement or guaranteed investment contract with, or guaranteed by, a financial institution the long-term unsecured obligations of which are rated Aa2 and “AA” or better, respectively, by Moody’s Investors Service and S&P Global Ratings at the time of initial investment. The investment agreement shall be subject to a downgrade provision with at least the following requirements: (1) the agreement shall provide that within five business days after the financial institution’s long-term unsecured credit rating has been withdrawn, suspended, other than because of general withdrawal or suspension by Moody’s Investors Service or S&P Global Ratings from the practice of rating that debt, or reduced below “AA-” by S&P Global Ratings or below “Aa3” by Moody’s Investors Service (these events are called “rating downgrades”) the financial institution shall give notice to the District and, within the five-day period, and for as long as the rating downgrade is in effect, shall deliver in the name of the District or the Fiscal Agent to the District or the Fiscal Agent Federal Securities allowed as investments under subdivision (a) of this definition of Permitted Investments with aggregate current market value equal to at least 105 percent of the principal amount of the investment agreement invested with the financial institution at that time, and shall deliver additional allowed federal securities as needed to maintain an aggregate current market value equal to at least 105 percent of the principal amount of the investment agreement within three days after each evaluation date, which shall be at least weekly, (2) the agreement shall provide that, if the financial institution’s long-term unsecured credit rating is reduced below “A3” by Moody’s Investors Service or below “A-” by S&P Global Ratings, the Fiscal Agent or the District may, upon not more than five business days’ written notice to the financial institution, withdraw all funds invested under the investment agreement, with accrued but unpaid interest thereon to the date, and terminate the agreement.

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

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

(i) Any other lawful investment for District funds.

“Principal Office” means the corporate trust office of the Fiscal Agent as identified pursuant to Section 9.06 hereof; provided, however, for the purpose of maintenance of the Registration Books and surrender of Bonds for payment, transfer or exchange such term means

the office at which the Fiscal Agent conducts its corporate trust agency business, or such other or additional offices as may be designated by the Fiscal Agent.

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

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

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

“Rebate Fund” means the fund by that name established pursuant to Section 6.02 hereof.

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

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

“Registration Books” means the records maintained by the Fiscal Agent pursuant to Section 2.08 for the registration and transfer of ownership of the Bonds.

“Regulations” means temporary and permanent regulations promulgated under the Code.

“Reserve Fund” means the fund by that name established pursuant to Section 4.03(A) hereof.

“Reserve Requirement” means, with respect to the 2017 Bonds, as of any date of calculation, the lesser of 75% of (i) 10% of the par amount of the Series B Bonds; (ii) Maximum Annual Debt Service on the Series B Bonds; or (iii) 125% of average Annual Debt Service on the Series B Bonds, as determined by the Water District. With respect to any Parity Bonds, “Reserve Requirement” means, as of any date of calculation, and amount required to bring the amount on deposit in the Reserve Fund to an amount equal to the lesser of 75% of (i) 10% of the par amount of the Bonds; (ii) Maximum Annual Debt Service on the Bonds; or (iii) 125% of average Annual Debt Service on the Bonds, as determined by the Water District.

“Resolution” means Resolution No. _____, adopted by the Board of Directors of the District on _____, 2017, authorizing the issuance of the 2017 Bonds.

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

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

“Securities Depositories” means The Depository Trust Company, 55 Water Street, 15L, New York, New York 10041-0099 Attention: Call Notification Department, Fax (212) 855-3274; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in an Officer’s Certificate delivered to the Fiscal Agent.

“Special Tax Fund” means the fund by that name established by Section 3.05(A) hereof.

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

“Special Tax Prepayments Account” means the account by that name within the Bond Fund established by Section 4.02(A) hereof.

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

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

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

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

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

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

Article II.
THE BONDS

Section 2.01 Principal Amount; Designation. 2017 Series A Bonds in the aggregate principal amount of One Hundred Thousand Dollars (\$100,000) and 2017 Series B Bonds in the aggregate principal amount of _____ Million _____ Hundred _____ Thousand Dollars (\$_____) are hereby authorized to be issued by the District for and on behalf of the CFD under and subject to the terms of the Resolution, this Agreement, the Act and other applicable laws of the State of California. The 2017 Bonds are hereby designated the “Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI) 2017 Special Tax Bonds.”

Section 2.02 Terms of 2017 Bonds. The 2017 Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple in excess thereof. The 2017 Bonds shall be dated the Closing Date, shall be in the principal amounts, shall mature on September 1 in the years and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates per annum as follows:

2017 SERIES A BONDS

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>
2017	\$100,000	

2017 SERIES B BONDS

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>

Interest on the 2017 Bonds shall be payable on each Interest Payment Date to the person whose name appears in the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Fiscal Agent mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owner at the address of such Owner as it appears in the Registration Books as of the preceding Record Date. Principal of and premium (if any) on any 2017 Bond shall be paid by check upon presentation and surrender thereof, at maturity or the prior redemption thereof, at the Principal Office of the Fiscal Agent. The principal of and interest and premium (if any) on the 2017 Bonds shall be payable in lawful money of the United States of America.

Each 2017 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before August 15, 2017, in which event it shall bear interest from the Closing Date; *provided, however*, that if, as of the date of authentication of any 2017 Bond, interest thereon is in default, such 2017 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

“CUSIP” identification numbers shall be imprinted on the 2017 Bonds, but such numbers shall not constitute a part of the contract evidenced by the 2017 Bonds, and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the 2017 Bonds. In addition, failure on the part of the District or the Fiscal Agent to use such CUSIP numbers in any notice to Owners shall not constitute any violation of the District’s contract with such Owners and shall not impair the effectiveness of any such notice. If the District or the Fiscal Agent include CUSIP numbers in any notice to the Owners, such notice may state that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Bonds.

Section 2.03 Redemption.

(A) Redemption Dates for the 2017 Bonds.

(i) *Optional Redemption.* The 2017 Series A Bonds are not subject to optional redemption. The 2017 Series B Bonds maturing on or after September 1, 2028 are subject to optional redemption prior to their stated maturities on any date on or after September 1, 2027, as a whole or in part, upon payment from any source of funds available for that purpose, at a redemption price equal to the principal amount of the 2017 Series B Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption.

(ii) *Mandatory Sinking Payment Redemption.* The 2017 Series B Bonds maturing on September 1, ____, are subject to mandatory sinking payment redemption in part, on September 1, ____, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

Redemption Date
(September 1)

Sinking Payments

The amounts in the foregoing table shall be reduced to the extent practicable so as to maintain the same debt service profile for the Bonds as in effect prior to such redemption, as a result of any prior partial redemption of the 2017 Series B Bonds pursuant to Section 2.03(A)(i) above or Section 2.03(A)(iii) below, as specified in writing by the General Manager to the Fiscal Agent.

(iii) *Mandatory Redemption From Special Tax Prepayments.* The 2017 Series B Bonds are subject to mandatory redemption prior to their stated maturity on any Interest Payment Date, from the proceeds of Special Tax Prepayments and corresponding transfers of funds from the Reserve Fund pursuant to clause (iii) of the second paragraph of Section 3.05(A)(iii)(b) and Section 4.03(F), as a whole or in part, at a redemption price (expressed as a percentage of the principal amount of the 2017 Series B Bonds to be redeemed), as set forth below, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
any Interest Payment Date from March 1, 2018 to and including March 1, 2025	103%
September 1, 2025 and March 1, 2026	102
September 1, 2026 and March 1, 2027	101
September 1, 2027 and any Interest Payment Date thereafter	100

(B) Notice to Fiscal Agent. The District shall give the Fiscal Agent written notice of its intention to redeem 2017 Series B Bonds pursuant to subsection (A)(i) or (iii) above not less than forty-five (45) days prior to the applicable redemption date, or such lesser number of days as the Fiscal Agent shall allow in the sole discretion of the Fiscal Agent. No notice need be given by the District to the Fiscal Agent of a redemption of 2017 Series B Bonds pursuant to subsection (A)(ii) above.

(C) Priority of Redemption. Whenever provision is made in this Agreement for the redemption of less than all of the 2017 Series B Bonds (other than a redemption pursuant to Section 2.03(A)(ii)), the Fiscal Agent shall select the 2017 Series B Bonds to be redeemed, from all 2017 Series B Bonds not previously called for redemption among maturities so as to maintain the same debt service profile for the Bonds as in effect prior to such redemption as directed in writing by the General Manager, and within a maturity by lot in any manner which the Fiscal Agent in its sole discretion shall deem appropriate and fair. For purposes of such selection, all 2017 Series B Bonds shall be deemed to be comprised of separate \$5,000 portions and such portions shall be treated as separate Bonds which may be separately redeemed.

(D) Purchase of Bonds in lieu of Redemption. In lieu of redemption under Section 2.03(A) above, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 2017 Series B Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase prior to the selection of 2017 Series B Bonds for redemption, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may 2017 Series B

Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase.

(E) Redemption Procedure by Fiscal Agent. The Fiscal Agent shall cause notice of any redemption to be sent by first class mail, postage prepaid, or sent by such other means as is acceptable to the recipient thereof, at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption, to the Securities Depositories and to the Information Services (or by such other means as permitted by such services), and to the respective Owners of any 2017 Series B Bonds designated for redemption, at their addresses appearing in the Registration Books; but such sending of the notice of redemption shall not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such 2017 Series B Bonds.

Such notice shall state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, shall designate the CUSIP numbers and Bond numbers of the 2017 Series B Bonds to be redeemed by giving the individual CUSIP number and Bond number of each 2017 Series B Bond to be redeemed or shall state that all 2017 Series B Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the 2017 Series B Bonds of one or more maturities have been called for redemption, shall state as to any 2017 Series B Bond called in part the principal amount thereof to be redeemed, and shall require that such 2017 Series B Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and shall state that further interest on such 2017 Series B Bonds will not accrue from and after the redemption date.

Upon the payment of the redemption price of 2017 Series B Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the 2017 Series B Bonds being redeemed with the proceeds of such check or other transfer.

Upon surrender of 2017 Series B Bonds redeemed in part only, the District shall execute and the Fiscal Agent shall authenticate and deliver to the Owner, at the expense of the District, a new 2017 Bond or 2017 Series B Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the 2017 Bond or 2017 Series B Bonds.

(F) Right of Rescission. In the case of any redemption of the 2017 Series B Bonds under Section 2.03(i) or 2.03(iii) above, the notice of redemption may state that the redemption is conditioned upon receipt by the Fiscal Agent of sufficient moneys to redeem the 2017 Series B Bonds on the anticipated redemption date, and that the redemption shall not occur if by no later than the scheduled redemption date sufficient moneys to redeem the 2017 Series B Bonds have not been deposited with the Fiscal Agent. In the event that the Fiscal Agent does not receive sufficient funds by the scheduled redemption date to so redeem the 2017 Series B Bonds to be redeemed, the Fiscal Agent shall send written notice to the owners of the 2017 Series B Bonds, to the Securities Depositories and to the Information Services to the effect that the redemption did not occur as anticipated, and the 2017 Series B Bonds for which notice of redemption was given shall remain Outstanding for all purposes of this Agreement.

(G) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the 2017 Series B Bonds so called for redemption shall have been deposited in the 2017 Bond Fund, such Bonds so called shall cease to be entitled to any benefit under this Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date specified in such notice.

All Bonds redeemed and purchased by the Fiscal Agent pursuant to this Section shall be canceled by the Fiscal Agent. The Fiscal Agent shall destroy the canceled Bonds and, upon written request of the District, issue a certificate of destruction thereof to the District.

(H) Redemption of Parity Bonds. Redemption provisions, if any, pertaining to any Parity Bonds shall be set forth in the Supplemental Agreement providing for such Parity Bonds.

Section 2.04 Form of 2017 Bonds. The 2017 Series A Bonds, the form of Fiscal Agent's certificate of authentication and the form of assignment, to appear thereon, and the 2017 Series B Bonds, the form of Fiscal Agent's certificate of authentication and the form of assignment, to appear thereon, shall be substantially in the forms, respectively, set forth in Exhibits A and B respectively attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Agreement, the Resolution and the Act.

Section 2.05 Execution of Bonds. The Bonds shall be executed on behalf of the District by the facsimile signatures of the President of the District and Clerk of the Board of the District. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the Owner, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the Owner. Any Bond may be signed and attested on behalf of the District by such persons as at the actual date of the execution of such Bond shall be the proper officers of the District although at the nominal date of such Bond any such person shall not have been such officer of the District.

Only such Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit A and Exhibit B, respectively, executed manually and dated by the Fiscal Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Agreement, and such certificate of authentication of the Fiscal Agent shall be conclusive evidence that the Bonds registered hereunder have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Agreement.

Section 2.06 Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer shall be paid by the District from any lawfully available funds of the CFD, including but not limited to amounts in the Administrative Expense Fund. The Fiscal Agent

shall collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer.

Whenever any Bond or Bonds shall be surrendered for transfer, the District shall execute and the Fiscal Agent shall authenticate and deliver a new Bond or Bonds, for like aggregate principal amount.

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

Section 2.07 Exchange of Bonds. Bonds may be exchanged at the Principal Office of the Fiscal Agent for a like aggregate principal amount of Bonds of authorized denominations of the same series and of the same maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such exchange shall be paid by the District from any lawfully available funds of the CFD, including but not limited to amounts in the Administrative Expense Fund. The Fiscal Agent shall collect from the Owner requesting such exchange any tax or other governmental charge required to be paid with respect to such exchange.

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

Section 2.08 Registration Books. The Fiscal Agent will keep or cause to be kept, at its Principal Office sufficient books for the registration and transfer of the Bonds which books shall show the series number, date, amount, rate of interest and last known Owner of each Bond and shall at all times be open to inspection by the District during regular business hours upon reasonable notice; and, upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the ownership of the Bonds as hereinbefore provided.

The District and the Fiscal Agent will treat the Owner of any Bond whose name appears in the Registration Books as the absolute Owner of such Bond for any and all purposes, and the District and the Fiscal Agent shall not be affected by any notice to the contrary. The District and the Fiscal Agent may rely on the address of the Bondowner as it appears in the Registration Books for any and all purposes.

Section 2.09 Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such authorized denominations as may be determined by the District, and may contain such reference to any of the provisions of this Agreement as may be appropriate. Every temporary Bond shall be executed by the District upon the same conditions and in substantially the same manner as the definitive Bonds. If the District issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange for the definitive Bonds at the Principal Office of the Fiscal Agent or at such other location as the Fiscal Agent shall

designate, and the Fiscal Agent shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary bonds shall be entitled to the same benefits under this Agreement as definitive Bonds authenticated and delivered hereunder.

Section 2.10 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the District, at the expense of the Owner of said Bond, shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond of like tenor and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal Agent shall be canceled by it and destroyed by the Fiscal Agent.

If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Fiscal Agent and, if such evidence be satisfactory to it and indemnity for the District and the Fiscal Agent satisfactory to the Fiscal Agent shall be given, the District, at the expense of the Owner, shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond of like tenor and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. The District may require payment of a sum not exceeding the actual cost of preparing each new Bond delivered under this Section and of the expenses which may be incurred by the District and the Fiscal Agent for the preparation, execution, authentication and delivery. Any Bond delivered under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the District whether or not the Bond so alleged to be lost, destroyed or stolen is at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Agreement with all other Bonds issued pursuant to this Agreement.

Section 2.11 Limited Obligation. All obligations of the District under this Agreement and the Bonds shall be limited obligations of the District for the CFD, payable solely from the Special Tax Revenues and the funds pledged therefore hereunder. The faith and credit of the District or the State of California or any political subdivision thereof is not pledged to the payment of the Bonds.

Section 2.12 No Acceleration. The principal of the Bonds shall not be subject to acceleration hereunder. Nothing in this Section shall in any way prohibit the prepayment or redemption of Bonds under Section 2.03 hereof, or the defeasance of the Bonds and discharge of this Agreement under Section 9.03 hereof.

Section 2.13 Book-Entry Only System. DTC shall act as the initial Depository for the 2017 Bonds. One 2017 Bond for each maturity of the 2017 Bonds shall be initially executed, authenticated, and delivered as set forth herein with a separate fully registered certificate (in print or typewritten form). Upon initial execution, authentication, and delivery, the ownership of the 2017 Bonds shall be registered in the Registration Books in the name of Cede & Co., as nominee of DTC or such nominee as DTC shall appoint in writing.

The representatives of the District and the Fiscal Agent are hereby authorized to take any and all actions as may be necessary and not inconsistent with this Agreement to qualify the 2017

Bonds for the Depository's book-entry system, including the execution of the Depository's required representation letter.

With respect to Bonds registered in the Registration Books in the name of Cede & Co., as nominee of DTC, neither the District nor the Fiscal Agent shall have any responsibility or obligation to any broker-dealer, bank, or other financial institution for which DTC holds Bonds as Depository from time to time (the "DTC Participants") or to any person for which a DTC Participant acquires an interest in the Bonds (the "Beneficial Owners"). Without limiting the immediately preceding sentence, neither the District nor the Fiscal Agent shall have any responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant, any Beneficial Owner, or any other person, other than DTC, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed in the event the District elects to redeem the Bonds in part, (iv) the payment to any DTC Participant, any Beneficial Owner, or any other person, other than DTC, of any amount with respect to the principal of or interest on the Bonds, or (v) any consent given or other action taken by the Depository as Owner of the Bonds; except that so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, any Beneficial Owner of \$1,000,000 or more in aggregate principal amount of any series of Bonds who has filed a written request to receive notices, containing such Beneficial Owner's name and address, with the Fiscal Agent shall be provided with all notices relating to such Bonds by the Fiscal Agent.

Except as set forth above, the Fiscal Agent may treat as and deem DTC to be the absolute Owner of each Bond for which DTC is acting as Depository for the purpose of payment of the principal of and interest on such Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bonds, for the purpose of registering transfers with respect to such Bonds, and for all purposes whatsoever. The Fiscal Agent shall pay all principal of and interest on the Bonds only to or upon the order of the Owners as shown on the Registration Books, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to the principal of and interest on the Bonds to the extent of the amounts so paid.

No person other than an Owner, as shown on the Registration Books, shall receive a physical Bond. Upon delivery by DTC to the Fiscal Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions in Section 2.06 hereof, references to "Cede & Co." in this Section 2.13 shall refer to such new nominee of DTC.

DTC may determine to discontinue providing its services with respect to the 2017 Bonds at any time by giving written notice to the Fiscal Agent during any time that the 2017 Bonds are Outstanding, and discharging its responsibilities with respect thereto under applicable law. The District may terminate the services of DTC with respect to the 2017 Bonds if it determines that DTC is unable to discharge its responsibilities with respect to the 2017 Bonds or that continuation of the system of book-entry transfers through DTC is not in the best interest of the Beneficial Owners, and the District shall mail notice of such termination to the Fiscal Agent.

Upon the termination of the services of DTC as provided in the previous paragraph, and if no substitute Depository willing to undertake the functions hereunder can be found which is willing and able to undertake such functions upon reasonable or customary terms, or if the District determines that it is in the best interest of the Beneficial Owners of the 2017 Bonds that they be able to obtain certificated Bonds, the 2017 Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names the Owners shall designate at that time, in accordance with Section 2.06.

To the extent that the Beneficial Owners are designated as the transferee by the Owners, in accordance with Section 2.06 the 2017 Bonds will be delivered to such Beneficial Owners as soon as practicable.

Section 2.14 Issuance of Parity Bonds. The 2017 Series A Bonds and the 2017 Series B Bonds are issued on parity with each other. The District may issue one or more series of additional Parity Bonds, in addition to the 2017 Bonds authorized under Section 2.01 hereof, by means of a Supplemental Agreement and without the consent of any Bondowners, upon compliance with the provisions of this Section 2.14. Such Parity Bonds shall constitute Bonds hereunder and shall be secured by a lien on the Special Tax Revenues and funds pledged for the payment of the Bonds hereunder on a parity with all other Bonds Outstanding hereunder. The District may issue the Parity Bonds subject to the following specific conditions precedent:

(A) Current Compliance. The District shall be in compliance on the date of issuance of the Parity Bonds with all covenants set forth in this Agreement and all Supplemental Agreements, and, except with respect to Parity Bonds that are Refunding Bonds, the principal amount of the Parity Bonds shall not cause the District to exceed the maximum authorized indebtedness of the CFD under the provisions of the Act.

(B) Payment Dates. The Supplemental Agreement providing for the issuance of such Parity Bonds shall provide that interest thereon shall be payable on March 1 and September 1, and principal thereof shall be payable on September 1 in any year in which principal is payable (provided that there shall be no requirement that any Parity Bonds pay interest on a current basis).

(C) Funds and Accounts; Reserve Fund Deposit. The Supplemental Agreement providing for the issuance of such Parity Bonds may provide for the establishment of separate funds and accounts, and shall provide for a deposit to the Reserve Fund (or to a separate account created for such purpose) in an amount necessary so that the amount on deposit in the Reserve Fund (together with the amount in any such separate account), following the issuance of such Parity Bonds, is equal to the Reserve Requirement.

(D) Maximum Special Taxes. The District shall certify that the Maximum Special Taxes to be levied in every year, less the Minimum Administrative Expense Requirement for such year, are at least equal to 110% of the debt service payable on the Outstanding amount of the Bonds and the Parity Bonds to be issued in every such year.

(E) **Officer's Certificate.** The District shall deliver to the Fiscal Agent an Officer's Certificate certifying that the the conditions precedent to the issuance of such Parity Bonds set forth in subsections (A), (B), (C) and (D) of this Section 2.14 have been satisfied. In delivering such Officer's Certificate, the Authorized Officer that executes the same may conclusively rely upon such certificates of the Fiscal Agent and others selected with due care, without the need for independent inquiry or certification.

Nothing in this Section 2.14 shall prohibit the District from issuing bonds for the CFD or otherwise incurring debt for the CFD secured by a pledge of Special Tax Revenues subordinate to the pledge thereof under Section 4.01 of this Agreement.

Article III. ISSUANCE OF 2017 BONDS

Section 3.01 Issuance and Delivery of 2017 Bonds. At any time after the execution of this Agreement, the District may issue the 2017 Bonds for the CFD in the aggregate principal amount set forth in Section 2.01 and deliver the 2017 Bonds to the Original Purchaser. The Authorized Officers of the District are hereby authorized and directed to deliver any and all documents and instruments necessary to cause the issuance of the 2017 Bonds in accordance with the provisions of the Act, the Resolution and this Agreement, to authorize the payment of Costs of Issuance from the proceeds of the 2017 Bonds and to do and cause to be done any and all acts and things necessary or convenient for delivery of the 2017 Bonds to the Original Purchaser.

Section 3.02 Application of Proceeds of Sale of 2017 Series A Bonds. (A) The proceeds of the purchase of the 2017 Series A Bonds by the Original Purchaser (being \$_____) shall be paid to the Fiscal Agent, who shall forthwith set aside, pay over and deposit such proceeds on the Closing Date as follows:

(i) Deposit in the Costs of Issuance Fund \$_____.

(ii) Deposit in the Improvement Fund \$_____.

(B) The Fiscal Agent may establish a temporary fund or account in its records to facilitate any of the deposits or transfers referred to Section 3.02(A) .

Section 3.03 Application of Proceeds of Sale of 2017 Bonds. (A) The proceeds of the purchase of the 2017 Series B Bonds by the Original Purchaser (being \$_____) shall be paid to the Fiscal Agent, who shall forthwith set aside, pay over and deposit such proceeds on the Closing Date as follows:

(i) Deposit in the Bond Fund \$_____ (being an amount equal to interest on the Series B Bonds, through and including September 1, 2017).

(ii) Deposit in the Reserve Fund \$_____ (being an amount equal to the initial Reserve Requirement).

(iii) Deposit in the Costs of Issuance Fund \$_____.

(iv) Deposit in the Improvement Fund \$_____.

(B) The Fiscal Agent may establish a temporary fund or account in its records to facilitate any of the deposits or transfers referred to in Section 3.03(A).

Section 3.04 Improvement Fund.

(A) Establishment of Improvement Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the Community Facilities District No. 2013-1 (OJAI) Improvement Fund. Deposits shall be made to the Improvement Fund pursuant to Section 3.02 and 3.03. Moneys in the Improvement Fund shall be held by the Fiscal Agent for the benefit of the District, and shall be disbursed, except as otherwise provided in subsection (D) of this Section, for the payment or reimbursement of costs of the Project.

(B) Procedure for Disbursements. Disbursements from the Improvement Fund shall be made by the Fiscal Agent upon receipt of an Officer's Certificate which shall:

(i) set forth the amount required to be disbursed, the purpose for which the disbursement is to be made and the person to which the disbursement is to be paid; and

(ii) certify that the disbursement is for amounts owing by the District or otherwise for a purpose eligible to be funded with the amount to be so disbursed, and in any event that no portion of the amount then being requested to be disbursed was set forth in any Officer's Certificate previously filed requesting disbursement.

In making disbursements from the Improvement Fund, the Fiscal Agent shall first use any amounts deposited therein pursuant to Sections 3.02 and 3.03 and any investment earnings thereon, before using amounts deposited to the Improvement Fund pursuant to Section 3.05(A)(iii)(a) and any investment earnings thereon.

(C) Investment. Moneys in the Improvement Fund shall be invested and deposited in accordance with Section 6.01. Interest earnings and profits from the investment of amounts in the Improvement Fund shall be retained in the Improvement Fund and be used for the purposes thereof.

(D) Closing of Fund. Upon the filing of an Officer's Certificate stating that the portions of the Project to be financed and any other expenses to be paid from the Improvement Fund have been completed and paid, respectively, the Fiscal Agent shall transfer the amount, if any, remaining in the Improvement Fund to the Bond Fund for application to the payment of principal of and interest on the Bonds in accordance with Section 4.02, and the Improvement Fund shall be closed.

Section 3.05 Special Tax Fund.

(A) Establishment of Special Tax Fund. There is hereby established as a separate fund to be held by the General Manager, the Community Facilities District No. 2013-1 (OJAD) Special Tax Fund, to the credit of which the District shall deposit, as soon as practicable following receipt, all Special Tax Revenues received by the District and any amounts required by Section 3.06(B) hereof to be deposited therein.

Notwithstanding the foregoing,

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

(ii) any Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes shall be separately identified by the General Manager and shall be disposed of by the General Manager first, for transfer to the Fiscal Agent for deposit by the Fiscal Agent in the Bond Fund to pay any past due debt service on the Bonds; second for transfer to the Fiscal Agent for deposit by the Fiscal Agent in the Reserve Fund to the extent needed to increase the amount then on deposit in the Reserve Fund up to the then Reserve Requirement; and third, to be held in the Special Tax Fund for use as described in Section 3.04(B) above; and

(iii) any proceeds of Special Tax Prepayments shall be separately identified by the General Manager and shall be remitted by the General Manager to the Fiscal Agent and deposited by the Fiscal Agent as follows (as directed in writing by the General Manager): (a) that portion of any Special Tax Prepayment constituting the Future Facilities Costs (as defined in Section H of the Rate and Method of Apportionment) shall be deposited by the Fiscal Agent to the Improvement Fund so long as the Improvement Fund has not theretofore been closed pursuant to Section 3.04(D), and if the Improvement Fund has been closed, then such amount shall be retained by the District to be used to pay Project costs; and (b) any remaining portion of any Special Tax Prepayment shall be deposited by the Fiscal Agent in the Special Tax Prepayments Account established pursuant to Section 4.02(A).

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

(B) Disbursements. From time to time as needed to pay the obligations of the CFD, but no later than the Business Day before each Interest Payment Date, the General Manager shall withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority (i) to the Fiscal Agent for deposit by the Fiscal Agent in the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers from the Special Tax Fund and the Reserve Fund to the Bond Fund pursuant to Sections 4.03(C), (E) and (F), such that the amount in the Bond Fund equals the principal, premium, if any, and interest due on the Bonds on the next Interest Payment Date (including the redemption price of

any Bonds to be redeemed on such Interest Payment Date pursuant to Section 2.03(A)(i), (ii) or (iii)), and (ii) to the Reserve Fund an amount, taking into account amounts then on deposit in the Reserve Fund, such that the amount in the Reserve Fund is equal to the Reserve Requirement; provided that no such transfers shall exceed the amount then available to be transferred from the Special Tax Fund.

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

(C) Investment. Moneys in the Special Tax Fund shall be invested in accordance with Section 6.01. Interest earnings and profits resulting from investment of amounts in the Special Tax Fund shall be retained in the Special Tax Fund to be used for the purposes thereof.

Section 3.06 Administrative Expense Fund.

(A) Establishment of Administrative Expense Fund. There is hereby established as a separate fund to be held by the General Manager, the Community Facilities District No. 2013-1 (OJAI) Administrative Expense Fund, to the credit of which deposits shall be made as required by Section 3.05(A)(i), the second paragraph of Section 3.05(B) and Section 3.07(B). Moneys in the Administrative Expense Fund shall be held by the General Manager for the benefit of the District, and shall be disbursed as provided below.

(B) Disbursement. Amounts in the Administrative Expense Fund shall be withdrawn by the General Manager and paid to the District or its order upon receipt by the General Manager of an Officer's Certificate stating the amount to be withdrawn, that such amount is to be used to pay an Administrative Expense, and the nature of such Administrative Expense. Amounts transferred to the Administrative Expense Fund pursuant to Section 3.07(B) shall be used for purposes of such fund prior to using other available amounts therein.

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

(C) Investment. Moneys in the Administrative Expense Fund shall be invested in accordance with Section 6.01. Interest earnings and profits resulting from said investment shall be retained by the General Manager in the Administrative Expense Fund to be used for the purposes of such fund.

Section 3.07 Costs of Issuance Fund.

(A) Establishment of Costs of Issuance Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the Community Facilities District No. 2013-1

(OJAI) Costs of Issuance Fund, to the credit of which a deposit shall be made as required by Section 3.02(A) and 3.03(A). Moneys in the Costs of Issuance Fund shall be held by the Fiscal Agent and shall be disbursed as provided in subsection (B) of this Section.

(B) Disbursement. Amounts in the Costs of Issuance Fund shall be disbursed from time to time to pay Costs of Issuance, as set forth in a requisition containing respective amounts to be paid to the designated payees, signed by an Authorized Officer and delivered to the Fiscal Agent concurrently with the delivery of the 2017 Bonds. The Fiscal Agent shall pay all Costs of Issuance upon receipt of an invoice from any such payee which requests payment in an amount which is less than or equal to the amount set forth with respect to such payee in such requisition, or upon receipt of an Officer's Certificate requesting payment of a Cost of Issuance not listed on the initial requisition delivered to the Fiscal Agent on the Closing Date. Each such Officer's Certificate shall be sufficient evidence to the Fiscal Agent of the facts stated therein and the Fiscal Agent shall have no duty to confirm the accuracy of such facts. The Fiscal Agent shall maintain the Cost of Issuance Fund for a period of 120 days from the Closing Date and then shall transfer any moneys remaining therein, including any investment earnings thereon, to the General Manager for deposit by the General Manager in the Administrative Expense Fund. Following such transfer, the Fiscal Agent shall close the Costs of Issuance Fund.

(C) Investment. Moneys in the Cost of Issuance Fund shall be invested in accordance with Section 6.01. Interest earnings and profits resulting from said investment shall be retained by the Fiscal Agent in the Cost of Issuance Fund to be used for the purposes of such fund.

Section 3.08 Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be dependent upon the performance by any person of his obligation with respect to the Project.

Article IV.
SPECIAL TAX REVENUES;
BOND FUND AND RESERVE FUND

Section 4.01 Pledge of Special Tax Revenues. The Bonds shall be secured by a first pledge of all of the Special Tax Revenues (other than the Special Tax Revenues to be deposited to the Administrative Expense Fund pursuant to clause (i) of the second paragraph of Section 3.04(A)) and all moneys deposited in the Bond Fund, the Special Tax Prepayments Account, the Reserve Fund and, until disbursed as provided herein, in the Special Tax Fund. Such Special Tax Revenues and all moneys deposited into said funds (except as otherwise provided herein) are hereby dedicated to the payment of the principal of, and interest and any premium on, the Bonds as provided herein and in the Act until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose in accordance with Section 9.03.

Amounts in the Administrative Expense Fund, the Costs of Issuance Fund and the Improvement Fund, and the Special Tax Revenues to be deposited to the Administrative Expense Fund pursuant to Section 3.04(A)(i), are not pledged to the repayment of the Bonds. The facilities financed by the CFD are not in any way pledged to pay the debt service on the Bonds. Any proceeds of the sale, condemnation or destruction of any facilities financed by the CFD are

not pledged to pay the debt service on the Bonds and are free and clear of any lien or obligation imposed hereunder.

Section 4.02 Bond Fund.

(A) Establishment of Bond Fund and Special Tax Prepayments Account. There is hereby established as a separate fund to be held by the Fiscal Agent, the Community Facilities District No. 2013-1 (OJAI) Bond Fund to the credit of which deposits shall be made as required by Section 3.03(A), 3.05 and Section 4.03, and any other amounts required to be deposited therein by this Agreement or the Act. There is also hereby created in the Bond Fund a separate account held by the Fiscal Agent, consisting of the Special Tax Prepayments Account, to the credit of which deposits shall be made as required by clause (iii) of the second paragraph of Section 3.05(A).

Moneys in the Bond Fund and the Special Tax Prepayments Account shall be held by the Fiscal Agent for the benefit of the Owners of the Bonds, shall be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Owners of the Bonds. Notwithstanding the foregoing, amounts in the Bond Fund may be used for the purposes set forth in Section 2.03(D).

(B) Disbursements. (i) Bond Fund Disbursements. On each Interest Payment Date, and following any transfers required pursuant to Sections 3.04(A), 3.04(B), 4.02(B)(ii) and 4.03(C), (E) and (F) in connection with such Interest Payment Date, the Fiscal Agent shall withdraw from the Bond Fund and pay to the Owners of the Bonds the principal of, and interest and any premium, then due and payable on the Bonds, including any amounts due on the Bonds by reason of the sinking payments set forth in Section 2.03(A)(ii), or a redemption of the Bonds required by Section 2.03(A)(i) or (iii), such payments to be made in the priority listed in the second succeeding paragraph. Notwithstanding the foregoing, amounts in the Bond Fund as a result of a transfer pursuant to Section 3.05(A)(ii) shall be immediately disbursed by the Fiscal Agent to pay past due amounts owing on the Bonds.

In the event that amounts in the Bond Fund are insufficient for the purpose set forth in the preceding paragraph, the Fiscal Agent shall notify the General Manager of the amount of the insufficiency, and the Fiscal Agent shall withdraw from the Reserve Fund to the extent of any funds therein an amount to cover the amount of such Bond Fund insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited by the Fiscal Agent in the Bond Fund.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make the payments provided for in the first sentence of the first paragraph of this Section 4.02(B), the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, and then to payment of principal due on the Bonds by reason of sinking payments. Each such payment shall be made ratably to the Owners of the Bonds based on the then Outstanding principal amount of the Bonds, if there are insufficient funds to make the corresponding payment for all of the then Outstanding Bonds. Any sinking payment not made as scheduled shall be added to the sinking payment to be made on the next sinking payment date.

(ii) Special Tax Prepayments Account Disbursements. Moneys in the Special Tax Prepayments Account shall be transferred by the Fiscal Agent to the Bond Fund on the next date for which notice of redemption of Bonds under Section 2.03(A)(iii) can timely be given by the Fiscal Agent under Section 2.03(E), and shall be used (together with any amounts transferred pursuant to Section 4.03(F)) to redeem Bonds on the redemption date selected in accordance with Section 2.03.

(C) Investment. Moneys in the Bond Fund and the Special Tax Prepayments Account shall be invested in accordance with Section 6.01. Interest earnings and profits resulting from investment of amounts in the Bond Fund and the Special Tax Prepayments Account shall be retained in the Bond Fund and the Special Tax Prepayments Account, respectively, to be used for the purposes of such fund and account.

(D) State Reporting. If at any time the Fiscal Agent fails to pay principal and interest due on any scheduled payment date for the Bonds, notice shall be provided by the General Manager as described in Section 5.19(B).

Section 4.03 Reserve Fund.

(A) Establishment of Reserve Fund. There is hereby established as a separate fund to be held by the Fiscal Agent, the Community Facilities District No. 2013-1 (OJAI) Reserve Fund to the credit of which a deposit shall be made as required by Section 3.03, which deposit is equal to the initial Reserve Requirement, and deposits shall be made as provided in Sections 3.05(A)(ii), and Section 3.05(B)(i). Moneys in the Reserve Fund shall be held by the Fiscal Agent for the benefit of the Owners of the Bonds as a reserve for the payment of principal of, and interest and any premium on, the Bonds and shall be subject to a lien in favor of the Owners of the Bonds.

(B) Use of Reserve Fund. Except as otherwise provided in this Section, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund (as described in the second paragraph of Section 4.02(B)(i)) in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the Bonds or for the purpose of redeeming Bonds from the Bond Fund. If at any time funds are withdrawn by the Fiscal Agent from the Reserve Fund for transfer to the Bond Fund due to a deficiency in the amount in the Bond Fund needed to pay debt service due on the Bonds (as described in the second paragraph of Section 4.02(B)), the Fiscal Agent shall notify the General Manager of the date of withdrawal and the amount so withdrawn, and the General Manager shall provide notice as required by Section 5.19(B).

(C) Transfer of Excess of Reserve Requirement. Whenever, on the Business Day before any Interest Payment Date, or on any other date at the request of an Authorized Officer, the amount in the Reserve Fund exceeds the Reserve Requirement, the Fiscal Agent shall provide written notice to the District of the amount of the excess and shall transfer an amount equal to the excess from the Reserve Fund to the Bond Fund to be used for the payment of interest on the Bonds on the next Interest Payment Date in accordance with Section 4.02.

(D) Transfer for Rebate Purposes. Amounts in the Reserve Fund shall be withdrawn, at the written request of the General Manager, for purposes of making payment to the federal government to comply with Section 6.02.

(E) Transfer When Balance Exceeds Outstanding Bonds. Whenever the balance in the Reserve Fund equals or exceeds the amount required to redeem or pay all of the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent shall transfer the amount in the Reserve Fund to the Bond Fund to be used for the payment and redemption, in accordance with Section 4.02 or 2.03, as applicable, of all of the Outstanding Bonds. In the event that the amount then on deposit in the Reserve Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund in excess of the amount needed for such payment and redemption shall be transferred by the Fiscal Agent to the General Manager, to be retained by the District, unencumbered by this Fiscal Agent Agreement, to be used by the District for any lawful purpose under the Act.

Notwithstanding the foregoing, no amounts shall be transferred from the Reserve Fund pursuant to this Section 4.03(E) until after (i) the calculation, pursuant to Section 6.02, of any amounts due to the federal government following payment of the Bonds and withdrawal of any such amount under Section 4.03(D) for purposes of making such payment to the federal government, and (ii) payment of any fees and expenses due to the Fiscal Agent.

(F) Transfer Upon Special Tax Prepayment. Whenever Special Taxes are prepaid and Bonds are to be redeemed with the proceeds of such prepayment pursuant to Section 2.03(A)(iii) and 4.02(B)(ii), a proportionate amount in the Reserve Fund (determined in accordance with the applicable provisions of the Rate and Method of Apportionment and communicated by the General Manager to the Fiscal Agent) shall be transferred not later than the Business Day prior to the redemption date by the Fiscal Agent to the Bond Fund to be applied to the redemption of the Bonds pursuant to Section 2.03(A)(iii).

(G) Investment. Moneys in the Reserve Fund shall be invested in accordance with Section 6.01. Interest earnings and profits resulting from said investment shall be retained by the Fiscal Agent in the Reserve Fund to be used for purposes of the Reserve Fund, including as provided in Section 4.03(C) above.

Article V. OTHER COVENANTS OF THE DISTRICT

Section 5.01 Punctual Payment. The District will punctually pay or cause to be paid the principal of and interest and any premium on, the Bonds when and as due in strict conformity with the terms of this Agreement and any Supplemental Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Agreement and all Supplemental Agreements of the Bonds.

Section 5.02 Limited Obligation. The Bonds are limited obligations of the District on behalf of the CFD secured by and payable solely from the amounts and in the manner described in Sections 3.04, 4.02 and 4.03 hereof.

Section 5.03 Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the District shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the District, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Section 5.04 Against Encumbrances. The District will not encumber, pledge or place any charge or lien upon any of the Special Tax Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, except as permitted by this Agreement.

Section 5.05 Books and Records. The District will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the deposits to and expenditure of amounts disbursed from the Administrative Expense Fund and the Special Tax Fund, and to the Special Tax Revenues. Such books of record and accounts shall at all times during District business hours and following reasonable prior written notice be subject to the inspection of the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

Section 5.06 Protection of Security and Rights of Owners. The District will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the delivery of any of the Bonds by the District, the Bonds shall be incontestable by the District.

Section 5.07 Compliance with Law. The District will comply with all applicable provisions of the Act in administering the CFD; provided that the District shall have no obligation to advance any of its own funds for any purpose whatsoever under this Agreement.

Section 5.08 Private Activity Bond Limitation. The District shall assure that the proceeds of the 2017 Bonds are not so used as to cause the 2017 Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

Section 5.09 Federal Guarantee Prohibition. The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the 2017 Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code.

Section 5.10 Collection of Special Tax Revenues. The District shall comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes.

On or about July 1 of each year, the Fiscal Agent shall provide the General Manager with a notice stating the amounts then on deposit in the Reserve Fund and in the Bond Fund. The

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

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

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

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

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

Section 5.11 Further Assurances. The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Agreement, and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Agreement.

Section 5.12 No Arbitrage. The District shall not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the proceeds of the 2017 Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2017 Bonds would have caused the 2017 Bonds to be “arbitrage bonds” within the meaning of section 148 of the Code.

Section 5.13 Maintenance of Tax-Exemption. The District shall take all actions necessary to assure the exclusion of interest on the 2017 Bonds from the gross income of the owners of the 2017 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the 2017 Bonds.

Section 5.14 Covenant to Foreclose.

The District hereby covenants, with and for the benefit of the Owners of the Bonds as follows: (i) it will order, and cause to be commenced, judicial foreclosure proceedings against properties in the District with three delinquent installments of the payment of Special Taxes no later than the sixth month following the date on such third installment of such Special Taxes were due, and (ii) it will commence judicial foreclosure proceedings against all properties in the District with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than ninety-five percent (95%) of the total Special Taxes levied, and diligently pursue to completion such foreclosure proceedings; providing, however, the District shall not be required to order and cause judicial foreclosure proceedings to be commenced against delinquent properties as long as no deficiency in the Reserve Fund exists (or is projected to exist in order to meet the next upcoming debt service payment) and the District determines that the cost of pursuing such foreclosure is greater than the outstanding delinquency.

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

Section 5.15 No Additional Bonds. Except as expressly permitted by Section 2.14 hereof, the District shall not issue any additional bonds secured by (A) a pledge of Special Taxes on a parity with or senior to the pledge thereof under Section 4.01 hereof; or (B) any amounts in any funds or accounts established hereunder.

Section 5.16 Yield of the 2017 Bonds. In determining the yield of the 2017 Bonds to comply with Section 5.12 and 6.02 hereof, the District will take into account redemption (including premium, if any) in advance of maturity based on the reasonable expectations of the District, as of the Closing Date, regarding prepayments of Special Taxes and use of prepayments

for redemption of the 2017 Bonds, without regard to whether or not prepayments are received or 2017 Bonds redeemed.

Section 5.17 Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Agreement, failure of the District to comply with the Continuing Disclosure Agreement shall not be considered a default on the Bonds or a breach of any other provision of this Agreement.

Section 5.18 Reduction of Special Taxes. The District covenants and agrees to not consent or conduct proceedings with respect to a reduction in the maximum Special Taxes that may be levied in the CFD on Developed Property (as defined in the Rate and Method of Apportionment) below an amount, for any Bond Year, equal to 110% of the aggregate of the debt service due on the Bonds in such Bond Year, plus a reasonable estimate of Administrative Expenses for each such Bond Year. It is hereby acknowledged that Bondowners are purchasing the Bonds in reliance on the foregoing covenant, and that said covenant is necessary to assure the full and timely payment of the Bonds.

Section 5.19 State Reporting Requirements. The following requirements shall apply to the 2017 Bonds, in addition to those requirements under Section 5.17:

(A) Annual Reporting. (A) Annual Reporting. Not later than October 30 of each calendar year, beginning with the October 30, 2017, and in each calendar year thereafter until the October 30 following the final maturity of the Bonds, the General Manager shall cause the following information to be supplied to the California Debt and Investment Advisory Commission (“CDIAC”): (i) the name of the District; (ii) the full name of the CFD; (iii) the name, title, and series of the Bond issue; (iv) any credit rating for the Bonds and the name of the rating agency; (v) the Closing Date of the Bond issue and the original principal amount of the Bond issue; (vi) the amount of the Reserve Requirement; (vii) the principal amount of Bonds outstanding; (viii) the balance in the Reserve Fund; (ix) that there is no capitalized interest account for the Bonds; (x) the number of parcels in the CFD that are delinquent with respect to Special Tax payments, the amount that each parcel is delinquent, the total amount of Special Taxes due on the delinquent parcels, the length of time that each has been delinquent, when foreclosure was commenced for each delinquent parcel, the total number of foreclosure parcels for each date specified, and the total amount of tax due on the foreclosure parcels for each date specified; (xi) the balance, if any, in the Improvement Fund; (xii) the assessed value of all parcels subject to the Special Tax to repay the Bonds as shown on the most recent equalized roll, the date of assessed value reported, and the source of the information; (xiii) the total amount of Special Taxes due, the total amount of unpaid Special Taxes, and whether or not the Special Taxes are paid under the County’s Teeter Plan (Chapter 6.6 (commencing with Section 54773) of the California Government Code); (xiv) the reason and the date, if applicable, that the Bonds were retired; and (xv) contact information for the party providing the foregoing information. The annual reporting shall be made using such form or forms as may be prescribed by CDIAC.

(B) Other Reporting. If at any time the Fiscal Agent fails to pay principal and interest due on any scheduled payment date for the Bonds, or if funds are withdrawn by the Fiscal Agent from the Reserve Fund pursuant to Section 4.03(B) for transfer to the Fiscal Agent to be used to

pay principal and interest on the Bonds, the General Manager shall notify CDIAC and the Original Purchaser of such failure or withdrawal within 10 days of such failure or withdrawal, and the General Manager shall provide notice under the Continuing Disclosure Agreement of any such event as required thereunder.

(C) Special Tax Reporting. The General Manager shall file a report with the District no later than January 1, 2018, and at least once a year thereafter, which annual report shall contain: (i) the amount of Special Taxes collected and expended with respect to the CFD, (ii) the amount of Bond proceeds collected and expended with respect to the CFD, and (iii) the status of the Project. It is acknowledged that the Special Tax Fund, the Bond Fund, the Reserve Fund, the Special Tax Prepayments Account and the Administrative Expense Fund are the accounts into which Special Taxes collected in the CFD will be deposited for purposes of Section 50075.1(c) of the California Government Code, and the funds and accounts listed in Section 3.02(A) and 3.03(A) are the funds and accounts into which Bond proceeds will be deposited for purposes of Section 53410(c) of the California Government Code, and the annual report described in the preceding sentence is intended to satisfy the requirements of Sections 50075.1(d), 50075.3 and 53411 of the California Government Code.

(D) Amendment. The reporting requirements of this Section 5.19 shall be amended from time to time, without action by the District or the Fiscal Agent (i) with respect to subparagraphs (A) and (B) above, to reflect any amendments to Section 53359.5(b) or Section 53359.5(c) of the Act, and (ii) with respect to subparagraph (C) above, to reflect any amendments to Section 50075.1, 50075.3, 53410 or 53411 of the California Government Code. Notwithstanding the foregoing, any such amendment shall not, in itself, affect the District's obligations under the Continuing Disclosure Agreement. The District shall notify the Fiscal Agent in writing of any such amendments which affect the reporting obligations of the Fiscal Agent under this Agreement.

(E) No Liability. None of the District and its officers, agents and employees (including but not limited to the General Manager), or the Fiscal Agent, shall be liable for any inadvertent error in reporting the information required by this Section 5.19.

The General Manager shall provide copies of any reports prepared pursuant to this Section 5.19 to any Bondowner upon the written request of a Bondowner and payment by the person requesting the information of the cost of the District to produce such information and pay any postage or other delivery cost to provide the same, as determined by the General Manager. The term "Bondowner" for purposes of this Section 5.19 shall include any beneficial owner of the Bonds.

Section 5.20 Limits on Special Tax Waivers and Bond Tenders. The District covenants not to exercise its rights under the Act to waive delinquency and redemption penalties related to the Special Taxes or to declare Special Tax penalties amnesty program if to do so would materially and adversely affect the interests of the owners of the Bonds. The District further covenants not to permit the tender of Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the District having insufficient Special Tax Revenues to pay the principal of and interest on the Bonds that will remain Outstanding following such tender.

Section 5.21 District Bid at Foreclosure Sale. The District will not bid at a foreclosure sale of property in respect of delinquent Special Taxes unless it expressly agrees to take the property subject to the lien for Special Taxes imposed by the CFD and that the Special Taxes levied on the property are payable while the District owns the property.

Article VI.
INVESTMENTS; DISPOSITION OF INVESTMENT PROCEEDS;
LIABILITY OF THE DISTRICT

Section 6.01 Deposit and Investment of Moneys in Funds. Moneys in any fund or account created or established by this Agreement and held by the Fiscal Agent shall be invested by the Fiscal Agent in Permitted Investments, as directed pursuant to an Officer's Certificate filed with the Fiscal Agent at least two (2) Business Days in advance of the making of such investments. The Officer's Certificate shall contain a certification to the Fiscal Agent that the investments being directed are Permitted Investments as required hereunder. In the absence of any such Officer's Certificate, the Fiscal Agent shall invest any such moneys in Permitted Investments described in clause (h) of the definition thereof; provided, however, that any such investment shall be made by the Fiscal Agent only if, prior to the date on which such investment is to be made, the Fiscal Agent shall have received an Officer's Certificate specifying a specific money market fund into which the funds shall be invested and, if no such Officer's Certificate is so received, the Fiscal Agent shall hold such moneys uninvested.

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

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

Except as otherwise provided in the next sentence, the District shall direct or make investments hereunder such that all investments of amounts deposited in any fund or account created by or pursuant to this Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Agreement or the Code) at Fair Market Value. The District shall direct or make investments hereunder such that investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in the Reserve Fund shall be

valued at their present value (within the meaning of section 148 of the Code). The Fiscal Agent shall have no duty in connection with the determination of the Fair Market Value of any investment other than to follow: (A) its normal practices in the purchase, sale and determining the value of Permitted Investments; and (B) the investment directions of the District.

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

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

The District acknowledges that regulations of the Comptroller of the Currency grant the District the right to receive brokerage confirmations of security transactions to be effected by the Fiscal Agent hereunder as they occur. The District specifically waives the right to receive such notification to the extent permitted by applicable law and agrees that it will instead receive monthly cash transactions statements which shall include detail for the investment transactions effected by the Fiscal Agent hereunder; provided, however, that the District retains its rights to, upon written request to the Fiscal Agent, receive brokerage confirmation on any investment transaction requested by the District.

Section 6.02 Rebate of Excess Investment Earnings to the United States. The District shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bonds.

The Fiscal Agent shall establish and maintain a special fund designated the "Rebate Fund." There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein, as specified in a Written Request of the District. All money at any time deposited in the Rebate Fund shall be held by the Fiscal Agent, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America. Notwithstanding defeasance of the Bonds pursuant to Section 9.03 or anything to the contrary contained herein, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by the provisions under this Section 6.02. The Fiscal Agent shall be deemed conclusively to have complied with such provisions if it follows the written directions of the District.

The District may withdraw such amounts from the Reserve Fund pursuant to Section 4.03(D) as necessary to make any required rebate payments, and pay such amounts to the federal government as required by the Code and the Regulations. In the event of any shortfall in amounts available to make such payments under Section 4.03(D), the General Manager shall

make such payment from any amounts available in the Administrative Expense Fund or from any other lawfully available funds of the CFD or the District. Any fees or expenses incurred by the District under or pursuant to this Section 6.02 shall be Administrative Expenses.

In order to provide for the administration of this Section 6.02, the General Manager may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the General Manager may deem appropriate and in addition the General Manager may rely conclusively upon and be fully protected from all liability in relying upon the opinions, determinations, calculations and advice of such agents, attorneys and consultants employed hereunder.

Any funds remaining in the Rebate Fund after payment in full of all of the Bonds and after payment of any amounts described in the provisions under this Section 6.02, shall, upon receipt by the Fiscal Agent of a Written Request of the District, be withdrawn by the Fiscal Agent and remitted to the District.

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

Section 6.03 Liability of District. The District shall not incur any responsibility in respect of the Bonds or this Agreement other than in connection with the duties or obligations explicitly herein or in the Bonds assigned to or imposed upon it. The District shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default. The District shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions covenants or agreements of the Fiscal Agent herein or of any of the documents executed by the Fiscal Agent in connection with the Bonds, or as to the existence of a default or event of default thereunder.

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

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

The District may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The District may consult with counsel, who may be the District Counsel, with

regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

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

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

Section 6.04 Employment of Agents by District. In order to perform its duties and obligations hereunder, the District and/or the General Manager may employ such persons or entities as it deems necessary or advisable. The District shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

Article VII. THE FISCAL AGENT

Section 7.01 Appointment of Fiscal Agent. U.S. Bank National Association, at its corporate trust office in San Francisco, California is hereby appointed Fiscal Agent and paying agent for the Bonds. The Fiscal Agent undertakes to perform such duties, and only such duties, as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Fiscal Agent.

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

The District may remove the Fiscal Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank, association or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars (\$50,000,000), and subject to supervision or examination

by federal or state authority. If such bank, association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 7.01, combined capital and surplus of such bank, association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

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

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

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

Section 7.02 Liability of Fiscal Agent. The recitals of facts, covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the District, and the Fiscal Agent assumes no responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of this Agreement or of the Bonds, or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default. The Fiscal Agent assumes no responsibility or liability for any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

In the absence of bad faith, the Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished by the District to the Fiscal Agent and conforming to the requirements of this Agreement; but in the case of any such certificates or opinions by which any provision hereof are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to

examine the same to determine whether or not they conform to the requirements of this Agreement on their face. Except as provided above in this paragraph, the Fiscal Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Agreement, upon any resolution, order, notice, request, requisition, Officer's Certificate, consent or waiver, certificate, statement, affidavit, or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper person or to have been prepared and furnished pursuant to any provision of this Agreement, and the Fiscal Agent shall not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

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

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

The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the request or direction of any of the Owners pursuant to this Agreement unless such Owners shall have offered to the Fiscal Agent security or indemnity satisfactory to it against the fees, expenses and liabilities (including reasonable attorney's fees) which might be incurred by it in compliance with such request or direction.

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

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

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

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

Section 7.03 Information; Books and Accounts. The Fiscal Agent shall provide to the District such information relating to the Bonds and the funds and accounts maintained by the Fiscal Agent hereunder as the District shall reasonably request, including but not limited to quarterly statements reporting funds held and transactions by the Fiscal Agent.

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

Section 7.04 Notice to Fiscal Agent. The Fiscal Agent may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, requisition, Officer's Certificate, consent, order, certificate, report, warrant, Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The Fiscal Agent may consult with counsel, who may be counsel to the District, with regard to legal questions, and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

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

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

Section 7.05 Compensation, Indemnification. The District shall pay to the Fiscal Agent from time to time, promptly upon written request, reasonable compensation for all services rendered as Fiscal Agent under this Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Agreement, but the Fiscal Agent shall not have a lien therefor on any funds at any time held by it under this Agreement. The District further agrees, to the extent permitted by applicable law, to indemnify and save the Fiscal Agent, its officers, employees, directors and agents harmless against any liabilities, reasonable expenses, including reasonable legal fees and expenses, which it may incur in the exercise and performance of its powers and duties hereunder which are not

due to its negligence or willful misconduct. The obligation of the District under this Section shall survive resignation or removal of the Fiscal Agent under this Agreement and payment of the Bonds and discharge of this Agreement, but any monetary obligation of the District arising under this Section shall be limited solely to amounts on deposit in the Administrative Expense Fund.

Article VIII.
MODIFICATION OR AMENDMENT OF THIS AGREEMENT

Section 8.01 Amendments Permitted. This Agreement and the rights and obligations of the District and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.04. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the District to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the District of any pledge or lien upon the Special Taxes superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Act, the laws of the State of California or this Agreement), or reduce the percentage of Bonds required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Fiscal Agent without its written consent.

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

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

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

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

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

(E) in connection with the issuance of Parity Bonds under and pursuant to Section 2.14.

The Fiscal Agent may in its discretion, but shall not be obligated to, enter into any such Supplemental Agreement authorized by this Section which materially adversely affects the Fiscal Agent's own rights, duties or immunities under this Fiscal Agent Agreement or otherwise with respect to the Bonds or any agreements related thereto. The Fiscal Agent may request and shall be fully protected in relying upon, an opinion of Bond Counsel that any proposed Supplemental Agreement complies with the applicable requirements of this Section 8.01.

Section 8.02 Owners' Meetings. The District may at any time call a meeting of the Owners. In such event the District is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.

Section 8.03 Procedure for Amendment with Written Consent of Owners. The District and the Fiscal Agent may at any time adopt a Supplemental Agreement amending the provisions of the Bonds or of this Agreement or any Supplemental Agreement, to the extent that such amendment is permitted by the first paragraph of Section 8.01, to take effect when and as provided in this Section. The District or the Fiscal Agent may obtain an opinion of Bond Counsel that such Supplemental Agreement complies with the provisions of this Article VIII, and the District and Fiscal Agent may rely conclusively upon such opinion. A copy of such Supplemental Agreement, together with a request to Owners for their consent thereto, shall be mailed by first class mail, by the Fiscal Agent to each Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Agreement and request shall not affect the validity of the Supplemental Agreement when assented to as in this Section provided.

Such Supplemental Agreement shall not become effective unless there shall be filed with the Fiscal Agent the written consents of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 8.04) and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 9.04. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Fiscal Agent prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Agreement, the District shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Agreement, stating in substance that the Supplemental Agreement has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Agreement or consents thereto). Proof of the mailing of such notice shall be filed with the Fiscal Agent. A record, consisting of the papers required by this Section 8.03 to be filed with the Fiscal Agent, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Agreement shall become effective upon the filing with the Fiscal Agent of the proof of mailing of such notice, and the Supplemental Agreement shall be deemed conclusively binding (except as otherwise

hereinabove specifically provided in this Article) upon the District and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

Section 8.04 Disqualified Bonds. Bonds owned or held for the account of the District, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in this Article VIII, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Article VIII, unless all of the Outstanding Bonds are so owned or held. Upon written request, the District shall specify to the Fiscal Agent in a certificate executed by an Authorized Officer those Bonds disqualified pursuant to this Section 8.04. The Fiscal Agent may conclusively rely upon such certificate of the District.

Section 8.05 Effect of Supplemental Agreement. From and after the time any Supplemental Agreement becomes effective pursuant to this Article VIII, this Agreement shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under this Agreement of the District and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Agreement shall be deemed to be part of the terms and conditions of this Agreement for any and all purposes.

Section 8.06 Endorsement or Replacement of Bonds Issued After Amendments. The District may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article VIII shall bear a notation, by endorsement or otherwise, in form approved by the District, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Principal Office of the Fiscal Agent or at such other office as the District may select and designate for that purpose, a suitable notation shall be made on such Bond. The District may determine that new Bonds, so modified as in the opinion of the District is necessary to conform to such Owners' action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the Principal Office of the Fiscal Agent without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 8.07 Amendatory Endorsement of Bonds. The provisions of this Article VIII shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

Article IX. MISCELLANEOUS

Section 9.01 Benefits of Agreement Limited to Parties. Nothing in this Agreement, expressed or implied, is intended to give to any person other than the District, the Fiscal Agent and the Owners, any right, remedy, claim under or by reason of this Agreement. Any covenants,

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

Section 9.02 Successor is Deemed Included in All References to Predecessor.

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

Section 9.03 Discharge of Agreement. The District shall have the option to pay and discharge the entire indebtedness on all or any portion of the Bonds Outstanding in any one or more of the following ways:

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

(B) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the funds and accounts provided for in Sections 4.02 and 4.03 is fully sufficient to pay such Bonds Outstanding, including all principal, interest and redemption premiums; or

(C) by irrevocably depositing with the Fiscal Agent or another fiduciary, in trust, cash and Federal Securities in such amount as the District shall determine as confirmed by Bond Counsel, an Independent Financial Consultant or an independent certified public accountant will, together with the interest to accrue thereon and moneys then on deposit in the fund and accounts provided for in Sections 4.02 and 4.03, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If the District shall have taken any of the actions specified in (A), (B) or (C) above, and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as in this Agreement provided or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, then, at the election of the District, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Special Taxes and other funds provided for in this Agreement and all other obligations of the District under this Agreement with respect to such Bonds Outstanding shall cease and terminate. Notice of such election shall be filed with the Fiscal Agent. Notwithstanding the foregoing, the obligations of the District to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon, to pay all amounts owing to the Fiscal Agent pursuant to Section 7.05, and otherwise to assure that no action is taken or failed to be taken if such action or failure adversely affects the exclusion of interest on the Bonds from gross income for federal income tax purposes, shall continue in any event.

Upon compliance by the District with the foregoing with respect to all Bonds Outstanding, any funds held by the Fiscal Agent after payment of all fees and expenses of the Fiscal Agent, which are not required for the purposes of the preceding paragraph, shall be paid

over to the District and any Special Taxes thereafter received by the District shall not be remitted to the Fiscal Agent but shall be retained by the District to be used for any purpose permitted under the Act.

Section 9.04 Execution of Documents and Proof of Ownership by Owners. Any request, declaration or other instrument which this Agreement may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

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

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

Section 9.05 Waiver of Personal Liability. No Boardmember, officer, agent or employee of the District shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such Boardmember, officer, agent or employee from the performance of any official duty provided by law.

Section 9.06 Notices to and Demands on District and Fiscal Agent. Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the Fiscal Agent to or on the District may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the District with the Fiscal Agent) as follows:

Casitas Municipal Water District
1055 North Ventura Avenue
Ventura, California 93022
Attention: General Manager

Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the District to or on the Fiscal Agent may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the Fiscal Agent with the District) as follows:

U.S. Bank National Association
633 W. Fifth Street, 24th Floor

Los Angeles, California 90071
Attention: Global Corporate Trust Services

Section 9.07 Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Agreement shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Agreement. The District hereby declares that it would have adopted this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Agreement may be held illegal, invalid or unenforceable.

Section 9.08 Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any moneys held by the Fiscal Agent in trust for the payment and discharge of the principal of, and the interest and any premium on, the Bonds which remains unclaimed for two (2) years after the date when the payments of such principal, interest and premium have become payable, if such moneys were held by the Fiscal Agent at such date, shall be repaid by the Fiscal Agent to the District as its absolute property free from any trust, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the District for the payment of the principal of, and interest and any premium on, such Bonds. Any right of any Owner to look to the District for such payment shall survive only so long as required under applicable law.

Section 9.09 Applicable Law. This Agreement shall be governed by and enforced in accordance with the laws of the State of California applicable to contracts made and performed in the State of California.

Section 9.10 Conflict with Act. In the event of a conflict between any provision of this Agreement with any provision of the Act as in effect on the Closing Date, the provision of the Act shall prevail over the conflicting provision of this Agreement.

Section 9.11 Conclusive Evidence of Regularity. Bonds issued pursuant to this Agreement shall constitute conclusive evidence of the regularity of all proceedings under the Act relative to their issuance and the levy of the Special Taxes.

Section 9.12 Payment on Business Day. In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Agreement is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 9.13 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the District has caused this Agreement to be executed in its name and the Fiscal Agent has caused this Agreement to be executed in its name, all as of May 1, 2017.

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

By: _____
General Manager

U.S. BANK NATIONAL ASSOCIATION, as Fiscal
Agent

By: _____
Vice President

EXHIBIT A
FORM OF BOND

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

CASITAS MUNICIPAL WATER DISTRICT
COMMUNITY FACILITY DISTRICT NO. 2013-1
(OJAI)
2017 SPECIAL TAX BOND, SERIES A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP
	September 1, 2027	May __, 2017	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

The Casitas Municipal Water District (the “District”), for and on behalf of the Casitas Municipal Water District Community Facility District No. 2013-1 (OJAI) (the “CFD”), for value received, hereby promises to pay solely from the Special Tax (as hereinafter defined) to be collected in the CFD or amounts in the funds and accounts held under the Agreement (as hereinafter defined), to the registered owner named above, or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above, and to pay interest on such principal amount from the Bond Date shown above, or from the most recent Interest Payment Date (defined below) to which interest has been paid or duly provided for, semiannually on March 1 and September 1, commencing September 1, 2017 (each, an “Interest Payment Date”), at the interest rate set forth above, until the principal amount hereof is paid or made available for payment. The principal of this Bond is payable to the registered owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the Principal Office (as defined in the Agreement referred to below) of U.S. Bank National Association (the “Fiscal Agent”). Interest on this Bond shall be paid by check of the Fiscal Agent mailed on each Interest Payment Date to the registered owner hereof as of the close of business on the 15th day of the month preceding the month in which the Interest Payment Date occurs (the “Record Date”) at such registered owner’s address as it appears on the registration books maintained by the Fiscal Agent, or (i) if the Bonds are in book-entry-only form, or (ii) otherwise upon written request filed with the Fiscal Agent prior to any Record Date by a registered owner of at least \$1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the depository for the Bonds or to an account in the United States designated by such registered owner in such written request, respectively.

Interest on this Bond shall be payable from the Interest Payment Date next preceding the date of authentication hereof, unless (i) it is authenticated on an Interest Payment Date, in which event it shall bear interest for such Interest Payment Date, or (ii) such date of authentication is after a Record Date but on or prior to an Interest Payment Date, in which event interest will be payable from such Interest Payment Date, or (iii) such date of authentication is prior to the first Record Date, in which event interest will be payable from the Bond Date shown above; provided however, that if at the time of authentication of this Bond, interest is in default hereon, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment hereon.

This Bond is one of a duly authorized issue of bonds in the aggregate principal amount of \$_____ approved by Resolution No. _____ of the Board of Directors of the District adopted on _____, 2017 (the "Resolution"), pursuant to provisions of the California Government Code (the "Act") for the purpose of financing facilities eligible to be funded by the CFD, and is one of the series of Bonds designated "Casitas Municipal Water District Community Facility District No. 2013-1 (OJAI) 2017 Special Tax Bonds, Series A" (the "Bonds"). The creation of the Bonds and the terms and conditions thereof are provided for in the Fiscal Agent Agreement, dated as of May 1, 2017, between the District, for and on behalf of the CFD, and the Fiscal Agent (the "Agreement") and this reference incorporates the Resolution and the Agreement herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. Pursuant to and as more particularly provided in the Agreement, additional bonds may be issued by the District from time to time secured by a lien on funds held under the Agreement on a parity with the lien securing the Bonds. The Agreement is authorized under and this Bond is issued under, and both are to be construed in accordance with, the laws of the State of California.

The Bonds are not general obligations of the District, but are limited obligations of the District for the CFD, payable solely from the revenues and funds pledged therefor under the Agreement. Neither the faith and credit nor the taxing power of the District, the CFD (except to the extent of the Special Tax levy in the CFD, as set forth in the Agreement) or the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

Pursuant to the Act, and the Agreement, the principal of and interest on this Bond are payable solely from the annual Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 to be collected within the CFD and certain funds held under the Agreement. Any tax for the payment hereof shall be limited to the Special Tax, except to the extent that provision for payment has been made by the District, as may be permitted by law. The Bonds do not constitute obligations of the District for which said County is obligated to levy or pledge, or has levied or pledged, general or special taxation other than described hereinabove.

The District has covenanted for the benefit of the owners of the Bonds that it will commence and pursue to completion appropriate foreclosure actions in the event of delinquencies of any Special Tax installments levied for payment of principal and interest as more particularly set forth in the Agreement.

The Bonds are issuable as fully registered Bonds without coupons in denominations of \$5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Agreement, Bonds may be exchanged at the Principal Office of the Fiscal Agent for a like aggregate principal amount and maturity of Bonds of other authorized denominations.

Each registration and transfer of registration of this Bond shall be entered by the Fiscal Agent in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication endorsed hereon.

No transfer or exchange hereof shall be valid for any purpose unless made by the registered owner, by execution of the form of assignment endorsed hereon, and authenticated as herein provided, and the principal hereof, interest hereon and any redemption premium shall be payable only to the registered owner or to such owner's order. The Fiscal Agent shall require the registered owner requesting transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange. No transfer or exchange hereof shall be required to be made (i) fifteen days prior to the date established by the Fiscal Agent for selection of Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption.

The Agreement and the rights and obligations of the District thereunder may be modified or amended as set forth therein. The Agreement contains provisions permitting the District to make provision for the payment of the interest on, and the principal of the Series 2017 Bonds so that such Series 2017 Bonds shall no longer be deemed to be outstanding under the terms of the Agreement.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and manually signed by the Fiscal Agent.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Fiscal Agent for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond have existed, happened and been performed in due time, form and manner as required by law, and that the amount of this Bond does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, Casitas Municipal Water District, has caused this Bond to be dated the Bond Date shown above, to be signed by the facsimile signature of the President of the District and countersigned by the facsimile signature of the Clerk of the Board.

CASITAS MUNICIPAL WATER DISTRICT

By: _____
President

Attest: _____
Clerk of the Board

FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the Resolution and the Agreement which has been authenticated on _____, 2017.

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

By: _____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer unto

(Name, address and Tax identification Number of Assignee)

the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the books of the Fiscal Agent with full power of substitution in the premises.

Dated: _____

Signatures Guaranteed:

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

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

EXHIBIT B
FORM OF BOND

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

CASITAS MUNICIPAL WATER DISTRICT
COMMUNITY FACILITY DISTRICT NO. 2013-1
(OJAI)
2017 SPECIAL TAX BOND, SERIES B

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP
	September 1, ____	May __, 2017	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

The Casitas Municipal Water District (the “District”), for and on behalf of the Casitas Municipal Water District Community Facility District No. 2013-1 (OJAI) (the “CFD”), for value received, hereby promises to pay solely from the Special Tax (as hereinafter defined) to be collected in the CFD or amounts in the funds and accounts held under the Agreement (as hereinafter defined), to the registered owner named above, or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above, and to pay interest on such principal amount from the Bond Date shown above, or from the most recent Interest Payment Date (defined below) to which interest has been paid or duly provided for, semiannually on March 1 and September 1, commencing September 1, 2017 (each, an “Interest Payment Date”), at the interest rate set forth above, until the principal amount hereof is paid or made available for payment. The principal of this Bond is payable to the registered owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the Principal Office (as defined in the Agreement referred to below) of U.S. Bank National Association (the “Fiscal Agent”). Interest on this Bond shall be paid by check of the Fiscal Agent mailed on each Interest Payment Date to the registered owner hereof as of the close of business on the 15th day of the month preceding the month in which the Interest Payment Date occurs (the “Record Date”) at such registered owner’s address as it appears on the registration books maintained by the Fiscal Agent, or (i) if the Bonds are in book-entry-only form, or (ii) otherwise upon written request filed with the Fiscal Agent prior to any Record Date by a registered owner of at least \$1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to the depository for the Bonds or to an account in the United States designated by such registered owner in such written request, respectively.

Interest on this Bond shall be payable from the Interest Payment Date next preceding the date of authentication hereof, unless (i) it is authenticated on an Interest Payment Date, in which event it shall bear interest for such Interest Payment Date, or (ii) such date of authentication is after a Record Date but on or prior to an Interest Payment Date, in which event interest will be payable from such Interest Payment Date, or (iii) such date of authentication is prior to the first Record Date, in which event interest will be payable from the Bond Date shown above; provided however, that if at the time of authentication of this Bond, interest is in default hereon, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment hereon.

This Bond is one of a duly authorized issue of bonds in the aggregate principal amount of \$_____ approved by Resolution No. _____ of the Board of Directors of the District adopted on _____, 2017 (the "Resolution"), pursuant to provisions of the California Government Code (the "Act") for the purpose of financing facilities eligible to be funded by the CFD, and is one of the series of Bonds designated "Casitas Municipal Water District Community Facility District No. 2013-1 (OJAI) 2017 Special Tax Bonds, Series B" (the "Bonds"). The creation of the Bonds and the terms and conditions thereof are provided for in the Fiscal Agent Agreement, dated as of May 1, 2017, between the District, for and on behalf of the CFD, and the Fiscal Agent (the "Agreement") and this reference incorporates the Resolution and the Agreement herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. Pursuant to and as more particularly provided in the Agreement, additional bonds may be issued by the District from time to time secured by a lien on funds held under the Agreement on a parity with the lien securing the Bonds. The Agreement is authorized under and this Bond is issued under, and both are to be construed in accordance with, the laws of the State of California.

The Bonds are not general obligations of the District, but are limited obligations of the District for the CFD, payable solely from the revenues and funds pledged therefor under the Agreement. Neither the faith and credit nor the taxing power of the District, the CFD (except to the extent of the Special Tax levy in the CFD, as set forth in the Agreement) or the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

Pursuant to the Act, and the Agreement, the principal of and interest on this Bond are payable solely from the annual Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 to be collected within the CFD and certain funds held under the Agreement. Any tax for the payment hereof shall be limited to the Special Tax, except to the extent that provision for payment has been made by the District, as may be permitted by law. The Bonds do not constitute obligations of the District for which said County is obligated to levy or pledge, or has levied or pledged, general or special taxation other than described hereinabove.

The District has covenanted for the benefit of the owners of the Bonds that it will commence and pursue to completion appropriate foreclosure actions in the event of delinquencies of any Special Tax installments levied for payment of principal and interest as more particularly set forth in the Agreement.

The Bonds maturing on or after September 1, 2028 are subject to optional redemption prior to their stated maturities on any date on or after September 1, 2027, as a whole or in part, upon payment from any source of funds available for that purpose, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption.

The Bonds maturing on September 1, ____, are subject to mandatory sinking payment redemption in part, on September 1, ____ and on each September 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

<u>Redemption Date</u> <u>(September 1)</u>	<u>Sinking Payments</u>
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The Bonds are also subject to redemption from the proceeds of Special Tax Prepayments and any corresponding transfers from the Reserve Fund pursuant to the Agreement, on any Interest Payment Date, in whole, or in part among maturities as provided in the Agreement, at a redemption price (expressed as a percentage at the principal amount of the Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
any Interest Payment Date from March 1, 2018 to and including March 1, 2025	103%
September 1, 2025 and March 1, 2026	102
September 1, 2026 and March 1, 2027	101
September 1, 2027 and any Interest Payment Date thereafter	100

Notice of redemption with respect to the Bonds to be redeemed shall be given to the registered owners thereof, in the manner, to the extent and subject to the provisions of the Agreement. Notices of redemption may be conditioned upon receipt by the Fiscal Agent of sufficient moneys to redeem the Bonds on the anticipated redemption date, and if the Fiscal Agent does not receive sufficient funds by the scheduled redemption date the redemption shall not occur and the Bonds for which notice of redemption was given shall remain outstanding for all purposes of the Agreement.

The Bonds are issuable as fully registered Bonds without coupons in denominations of \$5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Agreement, Bonds may be exchanged at the Principal Office of the Fiscal Agent for a like aggregate principal amount and maturity of Bonds of other authorized denominations.

Each registration and transfer of registration of this Bond shall be entered by the Fiscal Agent in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication endorsed hereon.

No transfer or exchange hereof shall be valid for any purpose unless made by the registered owner, by execution of the form of assignment endorsed hereon, and authenticated as herein provided, and the principal hereof, interest hereon and any redemption premium shall be payable only to the registered owner or to such owner's order. The Fiscal Agent shall require the registered owner requesting transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange. No transfer or exchange hereof shall be required to be made (i) fifteen days prior to the date established by the Fiscal Agent for selection of Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption.

The Agreement and the rights and obligations of the District thereunder may be modified or amended as set forth therein. The Agreement contains provisions permitting the District to make provision for the payment of the interest on, and the principal of the Series 2017 Series B Bonds so that such Series 2017 Series B Bonds shall no longer be deemed to be outstanding under the terms of the Agreement.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and manually signed by the Fiscal Agent.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Fiscal Agent for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond have existed, happened and been performed in due time, form and manner as required by law, and that the amount of this Bond does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, Casitas Municipal Water District, has caused this Bond to be dated the Bond Date shown above, to be signed by the facsimile signature of the President of the District and countersigned by the facsimile signature of the Clerk of the Board.

CASITAS MUNICIPAL WATER DISTRICT

By: _____
President

Attest: _____
Clerk of the Board

FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the Resolution and the Agreement which has been authenticated on _____, 2017.

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

By: _____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer unto

(Name, address and Tax identification Number of Assignee)

the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the books of the Fiscal Agent with full power of substitution in the premises.

Dated: _____

Signatures Guaranteed:

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

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

NEW ISSUE

RATING:

BOOK-ENTRY ONLY

S&P: _____

(See "CONCLUDING INFORMATION - Rating on the Bonds" herein)

In the opinion of Rutan & Tucker, LLP, Costa Mesa, California, Bond Counsel, subject to certain qualifications described herein, under existing statutes, regulations, rules and court decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

**CASITAS MUNICIPAL WATER DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2013-1 (OJAI)
\$100,000 2017 SPECIAL TAX BONDS, SERIES A
\$44,000,000* 2017 SPECIAL TAX BONDS, SERIES B**

Dated: Date of Issuance

Due: September 1, as shown on inside cover page

The Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI) (the "District") 2017 Special Tax Bonds, Series A ("Series A Bonds") and 2017 Special Tax Bonds, Series B ("Series B Bonds," and together with the Series A Bonds, the "Bonds") are being issued by the Casitas Municipal Water District (the "Water District") for the District pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (constituting Section 53311 et seq. of the California Government Code), and a Fiscal Agent Agreement (the "Fiscal Agent Agreement"), dated as of May 1, 2017, between the Water District, on behalf of the District, and U.S. Bank National Association, as Fiscal Agent. The Bonds are special obligations of the Water District and are payable solely from revenues derived from certain annual Special Taxes (as defined herein) to be levied on certain taxable land within the District (less certain administrative expenses) and from certain other funds pledged under the Fiscal Agent Agreement, all as further described herein. The Special Taxes are to be levied according to the rate and method of apportionment approved by the Board of Directors of the Water District and the qualified electors within the District. See "SECURITY FOR THE BONDS - Special Taxes." The Board of Directors of the Water District is the legislative body of the District.

The proceeds of the Bonds will be used to (1) acquire water facilities serving property owners in the District, (2) complete improvements to the water facilities, (3) capitalize interest on the Series B Bonds through September 1, 2017, (4) fund a reserve fund, and (5) pay costs of issuing the Bonds. See "SOURCES AND USES OF BOND PROCEEDS" herein.

Interest due with respect to the Bonds is payable on March 1 and September 1 of each year, commencing September 1, 2017. Initial purchases of beneficial interests in the Bonds will be made in book-entry form and the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). Bond denominations are \$5,000 and any integral multiple in excess thereof. Purchasers of beneficial interests in the Bonds will not receive certificates representing their interests in the Bonds and will not be paid directly by the Fiscal Agent. See "APPENDIX F - DTC AND THE BOOK ENTRY SYSTEM."

The Series A Bonds are not subject to optional redemption prior to their stated maturity of September 1, 2017. The Series B Bonds are subject to optional and mandatory redemption prior to their stated maturity, as described herein. See "THE BONDS - Redemption of Series B Bonds" herein.

To provide funds for payment of the Bonds in the event of a shortfall of revenues caused by delinquent Special Tax payments, the Water District will establish a Reserve Fund for the Bonds initially funded from Bond proceeds. If revenues from the Special Taxes are insufficient to pay the debt service on the Bonds, the moneys in the Reserve Fund are available to cover the deficiency. There is no assurance that funds will be available for this purpose and if, during the period of revenue shortfall, there are insufficient moneys in the Reserve Fund, there may be a delay in payment to the owners of the Bonds.

Neither the faith and credit nor the taxing power of the Water District, the County of Ventura, the State of California or any political subdivision thereof is pledged to the payment of the Bonds. Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds. The Bonds are special tax obligations of the Water District for the District payable solely from Special Tax Revenues and other amounts held under the Fiscal Agent Agreement as more fully described herein.

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

This cover page contains certain information for quick reference only. It is not a complete summary of the terms of this Bond issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Bonds.

MATURITY SCHEDULE

(see Inside Cover Page)

The Bonds are being offered when, as and if issued by the Water District on behalf of the District, subject to the approval as to their legality by Rutan & Tucker, LLP, Costa Mesa, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the District by Arnold, LaRochelle, Mathews, VanConas & Zirbel LLP, as General Counsel and by Quint & Thimmig LLP, Larkspur, California, as Disclosure Counsel to the District, and for the Underwriter by Jones Hall, A Professional Law Corporation, San Francisco, California, as Underwriter's Counsel. Delivery of the Bonds through the facilities of The Depository Trust Company is expected to occur on or about May 31, 2017.

The date of the Official Statement is _____, 2017.

PiperJaffray®

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful under the securities laws of such jurisdiction.

**CASITAS MUNICIPAL WATER DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2013-1 (OJAI)**

2017 SPECIAL TAX BONDS, SERIES A

\$100,000 ____% Serial Bond maturing September 1, 2017, Yield ____%, Price _____ CUSIP®† ____

\$44,000,000* 2017 SPECIAL TAX BONDS, SERIES B

MATURITY SCHEDULE

\$_____,000* Serial Bonds

(Base CUSIP†: _____)

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP®†</u>
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					

\$_____ ____% Term Bond maturing September 1, ____, Yield ____%, Price _____ CUSIP®† ____

\$_____ ____% Term Bond maturing September 1, 2047, Yield ____%, Price _____ CUSIP®† ____

* Preliminary, subject to change.

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

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 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 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Water District or the District since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to in this Official Statement 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 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. All summaries of the Bonds, the Indenture and other documents, are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Water District for further information. See "INTRODUCTION - Summaries Not Definitive."

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

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

Bonds are Exempt from Securities Laws Registration. The 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. THE WATER DISTRICT 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.

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

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

Board of Directors

Bills Hicks, Division 1
Jim Word, Division 2
Pete Kaiser, Division 3
Mary Bergen, Division 4
Russ Baggerly, Division 5

Water District Staff

Steven E. Wickstrum, General Manager
Michael Flood, Assistant General Manager
Neil Cole, Principal Civil Engineer
Denise Collin, Accounting Manager/Treasurer
Rebekah Vieira, Clerk of the Board

PROFESSIONAL SERVICES

Bond Counsel and Special Counsel

Rutan & Tucker, LLP
Costa Mesa, California

Disclosure Counsel

Quint & Thimmig LLP
Larkspur, California

General Counsel

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

Municipal Advisor

Harrell & Company Advisors, LLC
Orange, California

Special Tax Consultant

David Taussig & Associates, Inc.
Newport Beach, California

Fiscal Agent

U.S. Bank National Association
Los Angeles, California

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OFFICIAL STATEMENT

CASITAS MUNICIPAL WATER DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2013-1 (OJAI) \$100,000 2017 SPECIAL TAX BONDS, SERIES A \$44,000,000* 2017 SPECIAL TAX BONDS, SERIES B

INTRODUCTION

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 this entire Official Statement, including the cover page and appendices hereto, and the documents summarized or otherwise described herein. A full review should be made of this entire Official Statement and such documents prior to making an investment in the Bonds. The sale and delivery of the Bonds to potential investors is made only by means of the entire Official Statement.

General

This Official Statement, including the appendices hereto, sets forth certain information concerning the issuance by the Casitas Municipal Water District, California (the “Water District”), of the \$100,000 aggregate principal amount of Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI) 2017 Special Tax Bonds, Series A (“Series A Bonds”) and \$44,000,000* aggregate principal amount of Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI) 2017 Special Tax Bonds, Series B (“Series B Bonds,” and together with the Series A Bonds, the “Bonds”) for and on behalf of the Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI) (the “District”). The Bonds are being issued by the Water District, on behalf of the District, under the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (constituting Section 53311 et seq. of the California Government Code) (the “Act”), and a Fiscal Agent Agreement, dated as of May 1, 2017 (the “Fiscal Agent Agreement”), between the Water District on behalf of the District, and U.S. Bank National Association, as Fiscal Agent (the “Fiscal Agent”). Capitalized terms used in this Official Statement and not otherwise defined herein have the meanings given such terms in the Fiscal Agent Agreement, some of which are set forth in Appendix A hereto.

Issuing Authority

The District was established by the Board of Directors of the Water District (the “Board of Directors”), acting as legislative body of the District, pursuant to proceedings under the Act on March 13, 2013. See “THE DISTRICT - Authorization” herein. The Bonds were authorized to be issued by a resolution adopted by the Board of Directors on _____, 2017 (the “Resolution of Issuance”). The Bonds are being issued pursuant to the Act, the Resolution of Issuance, and the Fiscal Agent Agreement. See “THE BONDS - Authority for Issuance.”

Application of Proceeds

The net proceeds of the Bonds will be used to: (1) acquire water facilities serving property owners in the District, (2) complete improvements to the water facilities, (3) capitalize interest on the Series B Bonds through September 1, 2017, (4) fund a reserve fund for the Bonds, and (5) pay costs of issuing the Bonds. See “SOURCES AND USES OF BOND PROCEEDS” herein.

* Preliminary, subject to change.

The Water District

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

The District

The District encompasses approximately 2,150 gross acres of land in the City of Ojai and surrounding unincorporated Ventura County. The District is currently developed with 2,854 residential dwelling units and approximately 1.15 million square feet of retail/commercial uses and 405,000 square feet of industrial uses. See “THE DISTRICT” herein.

There are approximately 185 acres of vacant land in the District that are not currently subject to the Special Tax, but may be subject to the Special Tax in the future, if developed. See “THE DISTRICT – Development Summary and Special Taxes” herein for a description of when property becomes subject to the Special Tax. The Water District makes no representation as to when, or if, any vacant land in the District will ever become subject to the Special Tax.

Formation Proceedings. The District has been formed by the Board of Directors pursuant to the Act. The Act was enacted by the California legislature to provide an alternative method of financing certain public capital facilities and services, especially in developing areas of the State of California (the “State”). Any local agency (as defined in the Act) may establish a community facilities district to provide for and finance the cost of eligible public facilities and services. Generally, the legislative body of the local agency which forms a community facilities district acts on behalf of such district as its legislative body. Subject to approval by two-thirds of the votes cast at an election and compliance with the other provisions of the Act, a legislative body of a local agency may issue bonds for a community facilities district and may levy and collect a special tax within such district to repay such indebtedness. The Board of Directors acts as the legislative body of the District.

Pursuant to the Act, in 2013 the Board of Directors adopted the necessary resolutions stating its intent to establish the District, to authorize the levy of special taxes on taxable property within the boundaries of the District, and to incur bonded indebtedness within the District. The Bonds are secured by a pledge of and are payable solely from Special Tax Revenues (as defined herein) of the District, including foreclosure proceeds obtained from foreclosure and sale of property located in the District with delinquent Special Taxes. Following public hearings conducted pursuant to the provisions of the Act, the Board of Directors adopted resolutions establishing the District and calling a special election to submit the levy of the Special Taxes and the incurring of bonded indebtedness to the qualified voters residing within the District. On August 27, 2013, at an election held pursuant to the Act, registered voters of the District authorized the District to incur bonded indebtedness in the aggregate principal amount not to exceed \$60,000,000 to be secured by the levy of Special Taxes on taxable property within the District. On that same date, the registered voters within the District approved the rate and method of apportionment of the Special Taxes for the District (the “Rate and Method”).

Property Value. The value of the land within the District is a critical factor in determining the investment quality of the Bonds. If a property owner is delinquent in the payment of the Special Tax levied on its property, the Water District’s only remedy is to commence foreclosure proceedings in an attempt to obtain funds to pay the Special Tax. See “THE DISTRICT - Property Assessed Values” for a discussion of the development status of property in the District and the assessed value (and value-to-lien ratios) of

property within the District. No appraisal of the property within the District has been undertaken by the Water District in connection with the issuance of the Bonds.

The value of the property subject to the Special Tax for Fiscal Year 2016/17, based on County assessed values as of January 1, 2016, is \$1,472,843,196, providing an overall value to lien ratio of the Bonds, excluding overlapping land-secured and general obligation bond debt, of 36.3 to 1*. See “THE DISTRICT - Property Assessed Values” below. Within the District there is overlapping indebtedness. Total direct and overlapping tax and assessment debt on property in the District as of February 1, 2017 is \$55,454,847, as adjusted to include the par amount of the Bonds. See “THE DISTRICT - Estimated Direct and Overlapping Debt” for a discussion of additional debt secured by liens on the real property in the District on a parity with the Bonds. When combined with the Bonds the total value-to-lien ratio within the District is 26.6:1. See “THE DISTRICT - Development Summary and Special Taxes” and “Estimated Direct and Overlapping Debt.” The value of individual parcels vary significantly. In addition, County assessed values may not reflect current market values. No recent independent appraisal of the taxable property subject to the levy of Special Taxes (the “Developed Property”) has been conducted in connection with the Bonds, and no assurance can be given that should Special Taxes levied on one or more of the parcels become delinquent, and should the delinquent parcels be offered for sale at a judicial foreclosure sale, that any bid would be received for the property or, if a bid is received, that such bid would be sufficient to pay such parcel’s delinquent Special Taxes. See “SPECIAL RISK FACTORS - Property Values” and “SPECIAL RISK FACTORS - Levy and Collection of the Special Taxes.”

Security for the Bonds

Under the Fiscal Agent Agreement, the Water District has pledged to repay the Bonds from Special Tax Revenues and certain funds pledged thereto pursuant to the Fiscal Agent Agreement. “Special Tax Revenues” is defined in the Fiscal Agent Agreement to mean the proceeds of the Special Taxes (as defined below) received by the Water District, including any scheduled payments and any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien, but does not include interest and penalties, if any, collected with the Special Taxes that are in excess of the rate of interest payable on the Bonds. The Special Taxes that may be levied pursuant to the Rate and Method increase by two percent (2%) annually. See “APPENDIX C - RATE AND METHOD OF APPORTIONMENT FOR CASITAS MUNICIPAL WATER DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2013-1 (OJAI)” and “APPENDIX A - SUMMARY OF THE FISCAL AGENT AGREEMENT” herein.

“Special Tax” is defined in the Fiscal Agent Agreement and is used in this Official Statement to mean the special taxes levied by the Board of Directors on parcels of Developed Property within the District (that is, taxable property for which a building permit has been issued) pursuant to the Act, the Rate and Method and the Fiscal Agent Agreement. See “SECURITY FOR THE BONDS - Special Taxes.” Under the Fiscal Agent Agreement, the Water District has agreed to levy the Special Tax, and to repay the Bonds from the Special Tax Revenues (except for the “Minimum Administrative Expense Requirement” as defined herein) and from certain amounts on deposit in the Special Tax Fund, the Bond Fund and the Reserve Fund established under the Fiscal Agent Agreement. See “APPENDIX A - SUMMARY OF THE FISCAL AGENT AGREEMENT.” A portion of the proceeds of the Bonds will be deposited in the Reserve Fund to the extent necessary to make the amount on deposit therein equal to the Reserve Requirement. The moneys in the Reserve Fund will be used for, among other purposes permitted by the Fiscal Agent Agreement, payment of the principal of and interest on the Bonds in the event that moneys in the Bond Fund are insufficient therefor. See “SECURITY FOR THE BONDS - Reserve Fund.”

* Preliminary, subject to change.

Foreclosure Proceeds. The Water District, on behalf of the District, has covenanted for the benefit of the owners of the Bonds that it will (i) order, and cause to be commenced, judicial foreclosure proceedings against properties with 3 delinquent installments of Special Taxes by the October 1 following the close of the fiscal year in which such Special Taxes were due, subject to a minimum of \$2,500 in delinquent Special Taxes; and (ii) commence judicial foreclosure proceedings against all properties with delinquent Special Taxes by the October 1 following the close of each fiscal year in which it receives Special Taxes in an amount which is less than ninety-five percent (95%) of the total Special Taxes levied, and diligently pursue to completion such foreclosure proceedings; provided, however, the Water District shall not be required to order, and cause judicial foreclosure proceedings to be commenced against delinquent properties as long as no deficiency in the Reserve Fund exists (or is projected to exist in order to meet the next upcoming debt service payment) and the Water District determines that the cost of pursuing such foreclosure is greater than the outstanding delinquency. See “SECURITY FOR THE BONDS” herein. There is no assurance that, in the event of a failure by a property owner to pay Special Taxes when due, the delinquent taxable property within the District can be sold for the values described herein. See “SPECIAL RISK FACTORS - Property Values” herein.

Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds. The Bonds are not general or special obligations of the Water District nor general obligations of the District, but are special obligations of the Water District for the District payable solely from Special Tax Revenues and certain amounts held under the Fiscal Agent Agreement as more fully described herein.

Limited Liability

Although the unpaid Special Taxes constitute a lien on the taxable real property within the District, they do not constitute a personal indebtedness of any landowner within the District, or any future property owner in the District. There is no assurance that the current owners of property within the District, or any future property owners within the District, will be financially able to pay the Special Taxes or that they will pay the Special Taxes even though financially able to do so.

The Bonds are payable solely from the proceeds of the Special Tax to be levied annually on the Developed Property within the District (except for the Minimum Administrative Expense Requirement) and amounts in certain funds established under the Fiscal Agent Agreement. Neither the faith and credit nor the taxing power of the state of California, the Water District, or any political subdivision thereof (other than of the District, to the limited extent set forth in the Fiscal Agent Agreement) is pledged to the payment of the principal of, premium, if any, or interest on the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any of the property or revenues of the Water District, and the payment of the interest on or principal of or redemption premiums, if any, on the Bonds is not a general debt, liability or obligation of the Water District or the District.

Description of the Bonds

The Bonds are dated their date of delivery and mature in the amounts and in the years, and bear interest at the rates set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable on each March 1 and September 1 each year, beginning September 1, 2017.

The Bonds will be issued and delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), and will be available to actual purchasers of the Bonds (the “Beneficial Owners”) in denominations of \$5,000 or any integral multiple in excess thereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery

of the Bonds. In the event that the book-entry-only system described herein is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Fiscal Agent Agreement. See “THE BONDS - Description of the Bonds” and “APPENDIX F - DTC AND THE BOOK ENTRY SYSTEM” herein.

Principal of, premium, if any, and interest on the Bonds are payable by the Fiscal Agent to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. In the event that the book-entry-only system is no longer used with respect to the Bonds, the Beneficial Owners will become the registered owners of the Bonds and will be paid principal and interest by the Fiscal Agent, all as described herein. See “THE BONDS - Description of the Bonds” and “APPENDIX F - DTC AND THE BOOK ENTRY SYSTEM” herein. *So long as the Bonds are in book-entry-only form, all references in the Official Statement to the owners or holders of the Bonds shall mean DTC or its nominee and not the Beneficial Owners of the Bonds.*

The Series A Bonds are not subject to redemption prior to their maturity on September 1, 2017. The Series B Bonds are subject to optional redemption and mandatory redemption as described herein. For more complete descriptions of the Bonds and the Fiscal Agent Agreement pursuant to which they are being issued and delivered. See “THE BONDS” and “APPENDIX A - SUMMARY OF THE FISCAL AGENT AGREEMENT,” herein.

Professionals Involved in the Offering

U.S. Bank National Association, Los Angeles, California, will act as Fiscal Agent under the Fiscal Agent Agreement. Piper Jaffray & Co. is the Underwriter (the “Underwriter”) of the Bonds. The proceedings of the Board of Directors in connection with the issuance, sale and delivery of the Bonds are subject to the approval of Rutan & Tucker, LLP, Costa Mesa, California, Bond Counsel. Certain legal matters will be passed on for the District by Arnold, LaRochelle, Mathews, VanConas & Zirbel LLP in its capacity as General Counsel to the Water District and by Quint & Thimmig, Larkspur, California, Disclosure Counsel. Jones Hall, A Professional Law Corporation, San Francisco, California, is acting as Underwriter’s Counsel. Other professional services related to the Bonds have been performed by Harrell & Company Advisors, LLC, Orange, California, as the District’s Municipal Advisor and by David Taussig & Associates, Inc., Newport Beach, California, as Special Tax Consultant.

Forward-Looking Statements

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,” “project,” “budget” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the caption “THE DISTRICT.”

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. THE WATER DISTRICT AND THE DISTRICT DO

NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Summaries Not Definitive

Brief descriptions of the Bonds, the Fiscal Agent Agreement, the Continuing Disclosure Agreement, the security for the Bonds, the District, the state of development of the property in the District and certain other documents and information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. Any references to documents herein are qualified by reference to the complete text thereof. Capitalized terms used in this Official Statement and not otherwise defined herein have the meanings given them in the Fiscal Agent Agreement, some of which are set forth in “APPENDIX A - SUMMARY OF THE FISCAL AGENT AGREEMENT.” Copies of documents referenced herein may be obtained upon written request and payment of the cost of mailing and duplication from the office of the Clerk of the Board, 1055 Ventura Avenue, Oak View, California 93022.

SOURCES AND USES OF BOND PROCEEDS

Under the provisions of the Fiscal Agent Agreement, the Fiscal Agent will receive the proceeds from the sale of the Bonds and will apply them as follows:

<u>Sources of Funds</u>	Series A	Series B
Principal Amount of Bonds	\$100,000.00	
Plus Original Issue Premium		
Total		
<u>Uses of Funds</u>		
Bond Fund ⁽¹⁾		
Costs of Issuance Fund ⁽²⁾		
Reserve Fund ⁽³⁾		
Improvement Fund ⁽⁴⁾		
Underwriter’s Discount		
Total		

-
- ⁽¹⁾ An amount equal to interest on the Series B Bonds through and including September 1, 2017.
 - ⁽²⁾ To be used to pay costs of issuance of the Bonds, including Bond Counsel fees, Disclosure Counsel fees, initial Fiscal Agent fees, Municipal Advisor’s fees, rating fees, Official Statement printing and other costs of issuance.
 - ⁽³⁾ An amount equal to the Reserve Requirement. See “SECURITY FOR THE BONDS - Reserve Fund.”
 - ⁽⁴⁾ See “THE DISTRICT - Description of Authorized Facilities.”

THE BONDS

Authority for Issuance

The District was established and bonded indebtedness within the District in an amount not to exceed \$60,000,000 was authorized pursuant to the provisions of the Act. The Bonds will be issued pursuant to the Act, a Resolution of Issuance, and the Fiscal Agent Agreement. The Bonds are secured under the Fiscal Agent Agreement by a pledge of and are payable from Special Tax Revenues (except for the Minimum Administrative Expense Requirement) and from funds and accounts held under the Fiscal Agent Agreement and all subaccounts therein, excluding the Administrative Expense Fund and the Rebate Fund. See “APPENDIX A - SUMMARY OF THE FISCAL AGENT AGREEMENT” herein.

Description of the Bonds

The Bonds are dated their date of delivery (the “Closing Date”) and will mature in the amounts and in the years, and bear interest at the rates set forth on the inside cover page of this Official Statement.

The Bonds will be issued without coupons as one fully registered bond for each maturity, in the name of Cede & Co., as nominee for DTC, as registered owner of all the Bonds. The Bonds will be available to ultimate purchasers in denominations of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Ultimate purchasers of Bonds will not receive physical certificates representing their interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the owners shall mean Cede & Co., and shall not mean the purchasers or Beneficial Owners of the Bonds. See “APPENDIX F - DTC AND THE BOOK ENTRY SYSTEM.”

So long as the Bonds are held in book-entry only form, principal of, premium, if any, and interest on the Bonds will be paid directly to DTC for distribution to the Beneficial Owners of the Bonds in accordance with the procedures adopted by DTC. See “APPENDIX F - DTC AND THE BOOK ENTRY SYSTEM.” The Bonds will mature on September 1, in the principal amounts and years, and bearing rates of interest, as shown on the inside cover of this Official Statement.

Interest on the Bonds will be payable semiannually on September 1 and March 1 of each year, commencing September 1, 2017 (each, an “Interest Payment Date”) and will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after the fifteenth day of the month next preceding the month of the applicable Interest Payment Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before August 15, 2017, in which event it shall bear interest from the Closing Date; *provided, however*, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Payments of the principal of, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co., by the Fiscal Agent, so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursements of such payments to Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of Participants and Indirect Participants, as more fully described herein. See “APPENDIX F - DTC AND THE BOOK ENTRY SYSTEM.”

No Optional Redemption of Series A Bonds

The Series A Bonds are not subject to redemption prior to maturity.

Redemption of Series B Bonds

Optional Redemption. The Series B Bonds maturing on or after September 1, 2028 are subject to optional redemption prior to their stated maturities on any date on or after September 1, 2027, as a whole or in part, upon payment from any source of funds available for that purpose, at a redemption price equal to the principal amount of the Series B Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption.

Mandatory Redemption from Special Tax Prepayments. The Series B Bonds are subject to mandatory redemption prior to their stated maturity on any Interest Payment Date, from the proceeds of Special Tax Prepayments and corresponding transfers of funds from the Reserve Fund pursuant to the Fiscal Agent Agreement, as a whole or in part, at a redemption price (expressed as a percentage of the principal amount of the Series B Bonds to be redeemed), as set forth below, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
any Interest Payment Date from March 1, 2018 to and including March 1, 2025	103%
September 1, 2025 and March 1, 2026	102%
September 1, 2026 and March 1, 2027	101%
September 1, 2027 and any Interest Payment Date thereafter	100%

Mandatory Sinking Payment Redemption Bonds. The Series B Bonds maturing on September 1, ____ are subject to mandatory sinking payment redemption, in part, on September 1, ____ and on each September 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date of redemption, without premium, and from sinking payments as follows:

SERIES B BONDS MATURING SEPTEMBER 1, ____

Redemption Date
(September 1)

Sinking Payment

The Series B Bonds maturing on September 1, ____ are subject to mandatory sinking payment redemption, in part, on September 1, ____ and on each September 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date of redemption, without premium, and from sinking payments as follows:

SERIES B BONDS MATURING SEPTEMBER 1, _____

Redemption Date
(September 1)

Sinking Payment

The amounts in the foregoing tables shall be reduced to the extent practicable so as to maintain the same debt service profile for the Series B Bonds as in effect prior to such redemption, as a result of any prior partial redemption of the Series B Bonds pursuant to optional redemption provisions or mandatory redemption from Special Tax prepayments described herein, as specified in writing by the General Manager to the Fiscal Agent.

Purchase of Bonds. In lieu of payment at maturity or redemption, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of outstanding Series B Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at a public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event will Series B Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase. In such event, the Water District shall, as may be appropriate, provide to the Fiscal Agent a revised maturity schedule or a revised mandatory sinking payment schedule for the Series B Bonds, or both.

Selection of Series B Bonds for Redemption

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

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

Notice of Redemption

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

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

Upon the payment of the redemption price of Series B Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the Series B Bonds being redeemed with the proceeds of such check or other transfer.

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

Effect of Redemption

From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the Series B Bonds so called for redemption shall have been deposited in the Bond Fund, such Series B Bonds so called shall cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date specified in such notice.

Transfer or Exchange of Bonds

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

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

Annual Debt Service of Bonds

The table below sets forth the scheduled annual debt service payments on the Bonds, assuming no optional redemption of the Bonds or redemption of the Bonds from Special Tax prepayments but including mandatory sinking payment redemptions.

Bond Year Ending (September 1)	Series A Bonds			Series B Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal*</u>	<u>Interest</u>	<u>Total</u>
2017	\$100,000.00			\$ -		
2018	-					
2019	-					
2020	-					
2021	-					
2022	-					
2023	-					
2024	-					
2025	-					
2026	-					
2027	-					
2028	-					
2029	-					
2030	-					
2031	-					
2032	-					
2033	-					
2034	-					
2035	-					
2036	-					
2037	-					
2038	-					
2039	-					
2040	-					
2041	-					
2042	-					
2043	-					
2044	-					
2045	-					
2046	-					
2047	-					
Total	\$100,000.00			\$44,000,000.00		

* Preliminary, subject to change.

SECURITY FOR THE BONDS

Limited Obligations

The Bonds are special, limited obligations of the Water District for the District secured by a pledge of all of the Special Tax Revenues (except for the Minimum Administrative Expense Requirement) and all moneys on deposit in the Special Tax Fund, the Bond Fund, and the Reserve Fund (including the investment earnings thereon), and from no other sources.

The term “Special Tax Revenues” is defined in the Fiscal Agent Agreement to mean the proceeds of the Special Taxes (as defined below) received by the Water District, including any scheduled payments and any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien, but does not include interest and penalties, if any, collected with the Special Taxes that are in excess of the rate of interest payable on the Bonds.

In the event that the Special Tax Revenues are not received when due, the only sources of funds available to pay the debt service on the Bonds are certain amounts held by the Fiscal Agent under the Fiscal Agent Agreement, including amounts held in the Reserve Fund.

Neither the faith and credit nor the taxing power of the Water District, the County of Ventura, the State of California or any political subdivision thereof is pledged to the payment of the Bonds. Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds. The Bonds are not general obligations of the Water District nor general obligations of the District but are special obligations of the Water District for the District payable solely from Special Tax Revenues and other amounts pledged therefor under the Fiscal Agent Agreement as more fully described herein.

Special Taxes

Authorization and Pledge. In accordance with the provisions of the Act, the Board of Directors established the District on March 13, 2013, to finance the acquisition of water facilities serving property within the District (“Authorized Facilities”) as well as construction improvements to the Authorized Facilities. On August 27, 2013, at an election held pursuant to the Act, the registered voters of the District authorized the District to incur bonded indebtedness in the aggregate principal amount not to exceed \$60,000,000 to be secured by the levy of Special Taxes on taxable property within the District pursuant to the Rate and Method. A Notice of Special Tax Lien was recorded in the Office of the Recorder of the County of Ventura on December 3, 2013 as Document No. 20131203-00195146-0. See “APPENDIX C - RATE AND METHOD OF APPORTIONMENT FOR CASITAS MUNICIPAL WATER DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2013-1 (OJAI)” attached hereto for the complete text of the Rate and Method.

The Bonds are secured by a pledge of and lien upon all of the Special Tax Revenues (except the Minimum Administrative Expense Requirement which will be deposited in the Administrative Expense Fund for each fiscal year pursuant to the Fiscal Agent Agreement) and all moneys on deposit in the Special Tax Fund, the Bond Fund, and the Reserve Fund. The Bonds that may be issued shall be equally secured by a pledge of and lien upon such Special Tax Revenues and such moneys without priority for number, date of Bond, date of execution or date of delivery; and the payment of the interest on and principal of the Bonds and any premium upon the redemption of any thereof shall be and is secured by a pledge of and lien upon such Special Tax Revenues and such moneys. Such Special Tax Revenues and all moneys deposited into such funds are dedicated in their entirety to the payment of the principal of the Bonds that may be issued,

and interest and any premium on, the Bonds, as provided in the Fiscal Agent Agreement and in the Act, until all of the Bonds have been paid and retired or until moneys or Defeasance Securities have been set aside irrevocably for that purpose in accordance with the Fiscal Agent Agreement.

The Bonds are not secured by any amounts on deposit in the Administrative Expense Fund, the Improvement Fund or the Costs of Issuance Fund established under the Fiscal Agent Agreement. Any facilities financed with the proceeds of the Bonds are not in any way pledged to pay debt service on the Bonds.

In the Fiscal Agent Agreement, the Water District has agreed to effect the levy of the Special Taxes each fiscal year in accordance with the Act by August 10 of each year (or such later date as may be authorized by the Act or any amendment thereof) that the Bonds are outstanding, such that the computation of the levy is complete before the final date on which the County Auditor-Controller will accept the transmission of the Special Tax amounts for the parcels within the District for inclusion on the tax roll for the fiscal year then beginning. Upon the completion of the computation of the amounts of the levy of the Special Taxes, the Water District shall prepare or cause to be prepared, and shall transmit to the County Auditor-Controller, such data as the County Auditor-Controller requires to include the levy of the Special Taxes on the tax roll.

The Fiscal Agent Agreement provides that Water District shall fix and levy the amount of Special Taxes within the District required for the payment of the principal of and interest on any outstanding Bonds becoming due and payable during the ensuing calendar year, including any necessary replenishment or expenditure of the Reserve Fund, and the amount estimated to be sufficient to pay the Administrative Expenses during such calendar year. Special Taxes may also be levied to pay directly for acquisition and construction of Authorized Facilities. The Special Taxes so levied shall not exceed the authorized amounts for the District as provided in the proceedings for the formation of the District and in the Rate and Method. Such maximum amount may not be sufficient to fully replenish the Reserve Fund in the event of the delinquency of payment of Special Taxes levied on property in the District. In addition, under the Act, no increase to the Special Taxes on any one parcel may exceed 10% to cover delinquencies caused by other parcels. See “APPENDIX C - RATE AND METHOD OF APPORTIONMENT FOR CASITAS MUNICIPAL WATER DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2013-1 (OJAI).”

Minimum Administrative Expenses. “Minimum Administrative Expense Requirement” means \$50,000 for Fiscal Year 2017/18, escalating by 2% each Fiscal Year thereafter. Such amounts shall be deposited in the Administrative Expense Fund.

Prepayment of Special Taxes. Under the Rate and Method, the Special Tax obligation for any parcel within the District may be prepaid in full and permanently satisfied at any time. See “APPENDIX C - RATE AND METHOD OF APPORTIONMENT FOR CASITAS MUNICIPAL WATER DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2013-1 (OJAI).” Any required or voluntary prepayment of Special Taxes will result in a mandatory redemption of Series B Bonds. See “THE BONDS – Redemption of Series B Bonds - *Mandatory Redemption from Special Tax Prepayments.*”

Collection and Application of Special Taxes. The Fiscal Agent Agreement provides that the Special Taxes shall be payable and be collected (except in the event of judicial foreclosure proceedings pursuant to the Fiscal Agent Agreement) in the same manner and at the same time and in the same installments as the general taxes on real property are payable, and have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property. Notwithstanding the foregoing, the Board of Directors may elect, as permitted by the Act, to collect the Special Taxes to be levied for any fiscal year directly from the owners of the parcels of taxable property upon which the Special Taxes are levied rather than by

transmitting the amount of the Special Taxes to the County Auditor-Controller for collection on the tax roll. The Special Taxes will be transferred to the Fiscal Agent and deposited in the Special Tax Fund established under the Fiscal Agent Agreement when received by the Water District. See “APPENDIX A - SUMMARY OF THE FISCAL AGENT AGREEMENT.”

Under the Fiscal Agent Agreement, the Water District has covenanted that (a) to the extent that it is legally permitted to do so, it will levy the Special Taxes for the payment of the Administrative Expenses which are expected to be incurred in each fiscal year; and (b) it will not consent or conduct proceedings with respect to a reduction in the maximum Special Taxes that may be levied in the District on Developed Property (as defined in the Rate and Method) below an amount, for any Bond Year, equal to 110% of the aggregate of the debt service due on the Bonds in such Bond Year, plus a reasonable estimate of Administrative Expenses for each such Bond Year. See “SPECIAL RISK FACTORS - Voter Initiatives” herein.

Although the Special Tax will constitute a lien on the land within the District which is subject to taxation, it does not constitute a personal indebtedness of either of the current or any future property owners within the District. There is no assurance that the landowners within the District will be financially able to pay the annual Special Tax or that they will pay such tax even if financially able to do so. The risk of property owners within the District not paying the annual Special Tax is more fully described under the heading “SPECIAL RISK FACTORS - Levy and Collection of the Special Taxes - Factors that Could Lead to Special Tax Deficiencies.”

Under the terms of the Fiscal Agent Agreement, all Special Tax Revenues received by the Water District are to be deposited by the Fiscal Agent in the Special Tax Fund upon receipt. The Water District shall remit Special Taxes received by it (after deposit by the Water District to the Administrative Expense Fund of an amount up to the amount of the Minimum Administrative Expense Requirement) to the Fiscal Agent for deposit by the Fiscal Agent in the Bond Fund as necessary to make the transfers from the Bond Fund for payment of principal and interest on the Bonds and any other amounts required to be transferred pursuant to the Fiscal Agent Agreement. Notwithstanding the foregoing, (i) any Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes shall be separately identified by the General Manager of the Water District and shall be remitted by the General Manager first, for transfer to the Fiscal Agent for deposit by the Fiscal Agent in the Bond Fund to pay any past due debt service on the Bonds and second for transfer to the Fiscal Agent for deposit by the Fiscal Agent in the Reserve Fund to the extent needed to increase the amount then on deposit in the Reserve Fund up to the then Reserve Requirement before transferring to the remainder to the Bond Fund, and (ii) any proceeds of Special Tax Prepayments shall be separately identified by the General Manager and shall be remitted by the General Manager to the Fiscal Agent for deposit by the Fiscal Agent in the Special Tax Prepayments Account.

In each fiscal year, from the first remittance of Special Taxes received from the County, the Water District shall first withdraw from the Special Tax Fund an amount up to that year’s Minimum Administrative Expense Requirement for deposit to the Administrative Expense Fund. No later than the Business Day prior to each Interest Payment Date, the Water District shall withdraw from the Special Tax Fund and transfer, in the following order of priority: (i) to the Fiscal Agent for deposit in the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund such that the amount in the Bond Fund equals the principal, premium, if any, and interest due on the Bonds on the next Interest Payment Date and (ii) to the Reserve Fund an amount such that the amount then on deposit therein is equal to the Reserve Requirement provided that no such transfers shall exceed the amount then available to be transferred from the Special Tax Fund.

In addition to the foregoing, if in any fiscal year there are sufficient funds in the Special Tax Fund to make the foregoing transfers to the Bond Fund and the Reserve Fund in respect of the Interest Payment Dates occurring in the Bond Year that commences in such fiscal year, the General Manager of the Water District may transfer to the Administrative Expense Fund, from time to time, any amount in the Special Tax Fund in excess of the amount needed to make such transfers to the Bond Fund and the Reserve Fund, if monies are needed to pay Administrative Expenses in excess of the amount then on deposit in the Administrative Expense Fund. See “APPENDIX A - SUMMARY OF THE FISCAL AGENT AGREEMENT.”

Parity Bonds

The Fiscal Agent Agreement permits the District to issue “Parity Bonds,” which are defined as bonds, notes or other obligations authorized to be issued pursuant to the provisions of the Fiscal Agent Agreement payable from Special Taxes on a parity with the Series B Bonds, subject to the conditions set forth in the Fiscal Agent Agreement. These provisions include that the District must be in compliance with all covenants set forth in the Fiscal Agent Agreement, that interest on Parity Bonds must be payable on March 1 and September 1 and principal must be payable on September 1 in any year in which principal is payable, and that the District must certify that the Maximum Special Taxes to be levied in every year, less the Minimum Administrative Expense Requirement, in such year, are at least equal to 110% of the debt service payable on the Outstanding amount of the Bonds and the Parity Bonds to be issued in every such year. The Water District will also establish a separate reserve account with respect to a series of Parity Bonds in an amount necessary to increase the amount on deposit therein to the Reserve Requirement.

Reserve Fund

In order to secure the payment of principal and interest on the Bonds, the Water District will initially deposit Bond proceeds in an amount equal to the initial Reserve Requirement into the Reserve Fund held by the Fiscal Agent. The Reserve Requirement is, as of any date of calculation, the lesser of 75% of (i) 10% of the par amount of the Series B Bonds; (ii) Maximum Annual Debt Service on the Series B Bonds; or (iii) 125% of average Annual Debt Service on the Series B Bonds, as determined by the Water District.

All amounts on deposit in the Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in either of such accounts of the amount then required for payment of the principal of and interest and any premium on the Bonds or, in accordance with the provisions of the Fiscal Agent Agreement for the purpose of redeeming Bonds. In addition, the Fiscal Agent Agreement provides that whenever, on the Business Day prior to any Interest Payment Date, the amount in the Reserve Fund exceeds to Reserve Requirement, the Fiscal Agent shall provide written notice to the Water District of the amount of the excess. The Fiscal Agent shall, subject to the requirements of the Fiscal Agent Agreement, transfer an amount from the Reserve Fund which will reduce the amount on deposit therein to an amount equal to the Reserve Requirement to the Bond Fund, to be used for the payment of the interest on the Bonds on the next succeeding Interest Payment Date.

No Teeter Plan

Collection of the Special Taxes is not subject to the “Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds,” as provided for in Section 4701 et seq. of the California Revenue and Taxation Code (known as the “Teeter Plan”). Accordingly, collections of Special Taxes will reflect actual delinquencies, if any. See “THE DISTRICT - Historical Levies and Tax Delinquencies” herein.

Investment of Funds

The Fiscal Agent Agreement provides that moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the Fiscal Agent shall be invested by the Fiscal Agent in Permitted Investments, as directed pursuant to an Officer's Certificate filed with the Fiscal Agent at least two (2) business days in advance of the making of such investments. In the absence of any such Officer's Certificate, the Fiscal Agent shall invest any such moneys in Permitted Investments as described in the Fiscal Agent Agreement. See "APPENDIX A - SUMMARY OF THE FISCAL AGENT AGREEMENT" for a description of the Permitted Investments.

Covenant for Superior Court Foreclosure

Proceeds of Foreclosure Sales. The net proceeds received following a judicial foreclosure sale of land within the District resulting from a landowner's failure to pay the Special Taxes when due are included within the Special Tax Revenues pledged to the payment of principal of and interest on the Bonds under the Fiscal Agent Agreement.

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of any Special Tax or receipt by the District of Special Taxes in an amount which is less than the Special Tax levied, the Board of Directors, as the legislative body of the District, may order that Special Taxes be collected by a superior court action to foreclose the lien within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale. Under the Act, the commencement of judicial foreclosure following the nonpayment of a Special Tax is not mandatory. However, the Water District has covenanted for the benefit of the owners of the Bonds that it will commence and diligently pursue to completion, judicial foreclosure proceedings against (i) properties in the District with three delinquent installments of the payment of Special Taxes no later than the sixth month following the date on such third installment of such Special Taxes were due, subject to a minimum of \$2,500 in delinquent Special Taxes; and (ii) all properties with delinquent Special Taxes by the October 1 following the close of each fiscal year in which the District receives Special Taxes in an amount which is less than 95% of the total Special Tax levied, providing, however, the Water District shall not be required to order and cause judicial foreclosure proceedings to be commenced against delinquent properties as long as no deficiency in the Reserve Fund exists (or is projected to exist in order to meet the next upcoming debt service payment) and the Water District determines that the cost of pursuing such foreclosure is greater than the outstanding delinquency. See "APPENDIX A - SUMMARY OF THE FISCAL AGENT AGREEMENT - Covenant to Foreclose."

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

THE DISTRICT

General

The District encompasses approximately 2,150 gross acres of land in the City of Ojai and unincorporated Ventura County. The District currently includes 2,854 residential dwelling units and approximately 1.15 million square feet of retail/commercial uses and 405,000 square feet of industrial uses. There are approximately 185 acres of vacant land in the District that are not currently subject to the Special Tax.

Special Taxes securing the payment of the Bonds will be levied only in the District, and only on the Developed Property (as described below) in the District.

The District was formed for the purpose of financing the acquisition of, and subsequent improvements to, the water system owned and operated by Golden State Water Company (see “Authorized Facilities” below) which serves property within the District (the “Ojai Water System”), and, upon acquisition, to transfer ownership and operation of the Ojai Water System to the Water District.

The Water District’s acquisition of the Golden State Water Company’s Ojai Water System was pursuant to eminent domain proceedings (Casitas Municipal Water District v. Golden State Water Company, Ventura County Superior Court Case No. 56-2016-00481628-CU-EI-VTA, and referred to herein as the “Eminent Domain Action”). On April 12, 2017, the Water District, the District, Golden State Water Company, and certain private intervenors entered into a Settlement Agreement (“Settlement Agreement”) to resolve all of the parties’ respective claims and defenses arising out of the Eminent Domain Action. Pursuant to the Settlement Agreement, all claims of all parties in the Eminent Domain Action other than the Water District’s cause of action for eminent domain were voluntarily dismissed with prejudice and the Water District’s eminent domain claim was resolved by a stipulation for entry of judgment and final judgment that was entered on April __, 2017. Pursuant to the standard procedures applicable under the California’s eminent domain law, the judgment provides for the Water District to pay to Golden State Water Company the stipulated sum of \$34,481,628 (the “Judgment Amount”) as just compensation for the taking of its Ojai Water System, subject to certain post-closing adjustments. The Judgment Amount will be paid from a portion of the proceeds of the Bonds on or before June 15, 2017. As soon as the Judgment Amount is paid, the judgment provides for the court to then enter a “Final Order of Condemnation” in order to effectuate the transfer of ownership and control of Golden State’s Ojai Water System to the Water District.”

The District will also finance approximately \$8.1 million of improvements to the water system expected to be required in the first 3 years of operations. The District may finance additional improvements in the future if needed (see “SECURITY FOR THE BONDS - Parity Bonds” herein).

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

Authorization

Pursuant to the Act, on January 29, 2013, the Board of Directors adopted Resolution No. 13-08, stating its intention to establish the District. On March 13, 2013, following a duly noticed public hearing, the Board of Directors adopted Resolution No. 13-12 establishing the District and Resolution No. 13-13 determining the necessity to incur bonded indebtedness in an amount not to exceed \$60,000,000 within the District. Pursuant to Resolution No. 13-12, the Board of Directors called an election pursuant to the Act. On August 27, 2013, the registered voters residing within the District voted in favor of the incurrence of

bonded indebtedness in a principal amount not to exceed \$60,000,000 to finance certain water facilities and improvements thereto, and the levy of the Special Tax consistent with the Rate and Method.

In 2013, after the Water District formed the District, Golden State Water Company filed a lawsuit in Ventura County Superior Court challenging the validity of the Water District's actions on various grounds and seeking to enjoin the August 27, 2013, special election called by the Water District. The trial court declined to enjoin the election and, at the election, more than two-thirds of the voters in the District approved the formation of the District, imposition of the special tax, and issuance of bonds. In early 2014, the trial court ruled on the merits in the Water District's favor and against Golden State Water Company on Golden State Water Company's challenge. Golden State Water Company appealed and in 2015 the Second District Court of Appeal affirmed the trial court's judgment on all grounds. (Golden State Water Company v. Casitas Municipal Water District (2015) 235 Cal.App.4th 1246.) Golden State Water Company then filed a petition for hearing in the California Supreme Court, which denied review. The case is now final.

Rate and Method of Apportionment

The Water District is legally authorized and has covenanted in the Fiscal Agent Agreement to levy the Special Taxes in accordance with the Rate and Method. Pursuant to the Rate and Method, Special Taxes are levied only on "Developed Property" (that is, taxable property for which a building permit has been issued) up to the Maximum Special Tax. Pursuant to the Rate and Method, the amount of the Special Tax to be levied in each fiscal year can be levied for a period not to exceed 40 years commencing with Fiscal Year 2013/14. See "APPENDIX C - RATE AND METHOD OF APPORTIONMENT FOR CASITAS MUNICIPAL WATER DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2013-1 (OJAI)."

Description of Authorized Facilities

From the proceeds of the Bonds and the Special Taxes, the District is authorized to pay all costs incurred by the District to acquire the real, personal, and intangible property and property rights owned or held by the Golden State Water Company, any of its affiliate(s), and any third parties or entities (collectively, "Golden State Water") in, to, and with respect to the water utility owned and operated by Golden State Water in Golden State Water Ojai Service Area, whether or not said property is physically located within the Golden State Water Ojai Service Area.

In addition, the District is authorized to pay costs incurred to plan, design, engineer, finance, supervise, construct and install, inspect, and obtain necessary permits for the purchase, construction, improvement, or rehabilitation of any real or other tangible property or facilities with an estimated useful life of five years or longer which property or facilities the District determines are necessary or appropriate to provide water utility services in the Golden State Water Ojai Service Area and which property or facilities the District determines either (i) are of primary benefit to the property owners, residents, businesses, and other persons and entities within the Golden State Water Ojai Service Area or (ii) if the Board determines that said property or facilities benefit the property owners, residents, businesses, and other persons and entities within the Golden State Water Ojai Service Area but are not of primary benefit to such persons or entities, the portion of the District's costs for said property and facilities that the Board reasonably determines does not exceed such persons' or entities' fair share contribution therefor.

As described above under the caption "General," the District will acquire the Ojai Water System at a cost of \$34,481,628. The District will also finance approximately \$8.1 million of improvements expected to be needed immediately. These improvements include system evaluation, a new pipeline, minor water main replacements, replacement of manual read meters and service lines, emergency power installations, well refurbishment, and replacements or additions to equipment at the treatment facility.

Development Summary and Special Taxes

In accordance with the Rate and Method, Special Taxes are only levied on Developed Property.

“Developed Property” is defined as a parcel of taxable property for which a building permit was issued on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Tax is levied.

Table No. 1 on the following page summarizes the Developed Property within the District by Land Use Class under the Rate and Method, along with the Fiscal Year 2016/17 Special Tax levy, the 2017/18 Maximum Special Tax that may be levied under the Rate and Method on the existing Developed Property and the projected 2017/18 Special Tax to be levied to meet the Special Tax Requirement (that is, debt service together with the Minimum Administrative Expense Requirement). Table No. 2 summarizes the Developed Property within the District by Land Use Class under the Rate and Method, together with the projected 2017/18 Special Tax based on 2016/17 Developed Property and allocation of the Bond debt based on the projected 2017/18 Special Tax levy, and the County Fiscal Year 2016/17 assessed value of the Developed Property.

The following tables exclude 181 parcels of vacant land within the District encompassing approximately 184.9 acres. These parcels are not subject to Special Taxes unless and until a building permit has been issued with respect to such land. The District makes no representation as to if, or when, any such properties will be developed and subject to the Special Tax.

The Maximum Special Tax rates for Developed Property as shown in the table below.

Land Use Class	Description	Parcel Square Footage	Maximum Special Tax	
			2016/17 Prior to Issuance	2017/18 After Issuance
1	SF Detached Unit	43,560 SF or Larger	\$366.12	\$2,265.53
2	SF Detached Unit	> 22,000 SF and < 43,560 SF	215.42	1,336.80
3	SF Detached Unit	> 10,000 SF and < 22,000 SF	129.46	802.08
4	SF Detached Unit	Less than 10,000 SF	83.84	519.57
5	Condominium Unit	N/A	71.10	440.55
6	MF Attached Unit	N/A	60.48	377.77
7	Commercial	N/A	\$0.0531 per SF Floor Area	\$0.3280 per SF Floor Area
8	Industrial	N/A	\$0.0276 per SF Floor Area	\$0.1721 per SF Floor Area

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

Further, in accordance with the Rate and Method, the Maximum Special Tax increases by 2% annually.

**TABLE NO. 1
DEVELOPMENT SUMMARY**

Land Use Class	Description	Parcel Square Footage	FY	FY	FY	FY	FY	FY	FY
			2016/17	2016/17	2016/17	2016/17	2017/18	2017/18	2017/18
			Number of Parcels	Number of Units ⁽¹⁾	Square Footage	Special Tax	Special Tax ⁽²⁾	Special Tax* ⁽³⁾	2017/18 Special Tax
1	SF Detached Unit	43,560 SF or Larger	385	391	N/A	\$143,153	\$ 885,822	\$ 797,243	30.7%
2	SF Detached Unit	> 22,000 SF and < 43,560 SF	250	259	N/A	55,794	346,231	311,608	12.0
3	SF Detached Unit	> 10,000 SF and < 22,000 SF	486	510	N/A	66,025	409,061	368,154	14.2
4	SF Detached Unit	Less than 10,000 SF	1,028	1,054	N/A	88,284	547,627	492,861	19.0
5	Condominium Unit	N/A	84	84	N/A	5,972	37,006	33,305	1.3
6	MF Attached Unit	N/A	<u>151</u>	<u>556</u>	N/A	<u>38,586</u>	<u>210,040</u>	<u>189,034</u>	<u>7.3</u>
Subtotal Residential Property			2,384	2,854		397,814	2,435,787	2,192,205	84.5
7	Commercial	N/A	189	N/A	1,151,688	61,481	377,754	339,978	13.1
8	Industrial	N/A	<u>34</u>	N/A	<u>404,486</u>	<u>11,164</u>	<u>69,612</u>	<u>62,655</u>	<u>2.4</u>
Subtotal Non-Residential Property			<u>223</u>		<u>1,556,174</u>	<u>72,645</u>	<u>447,366</u>	<u>402,633</u>	<u>15.5</u>
Total			2,607	2,854	1,556,174	\$470,459	\$2,883,153	\$2,594,838	100.0%

⁽¹⁾ Some parcels contain more than one unit and are subject to the combined tax rate for all units located on such parcel.

⁽²⁾ Based on the applicable Maximum Special Tax authorized to be levied after the issuance of the Bonds against 2,607 parcels of taxable property currently classified as Developed Property. Assumes no change from Fiscal Year 2016/17 in the number of Developed Property parcels, units or square footage and no further development occurs within the District on the 181 parcels of taxable property, comprising 184.9 acres currently classified as Undeveloped Property. See "APPENDIX C - RATE AND METHOD OF APPORTIONMENT FOR CASITAS MUNICIPAL WATER DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2013-1 (OJAI)."

⁽³⁾ Based on the scheduled debt service for the Bonds due on March 1 and September 1, 2018, allocated among land use classes based on their respective tax rates, plus \$50,000 for the Minimum Administrative Expense Requirement.

Source: David Taussig & Associates, Inc. and Harrell & Company Advisors, LLC.

* Preliminary, subject to change.

**TABLE NO. 2
SHARE OF DISTRICT BONDS**

Land Use Class	FY 2016/17 Number of Units ⁽¹⁾	FY 2016/17 Square Footage ⁽¹⁾	FY 2017/18 Projected Special Tax*⁽¹⁾⁽²⁾	FY 2016/17 Assessed Value ⁽³⁾	Share of District Bonds ^{(4)*}	Value to Lien Ratio ^{(5)*}
1	391	N/A	\$ 797,243	\$ 371,388,145	\$12,474,000	29.8:1
2	259	N/A	311,608	169,251,536	4,875,562	34.7:1
3	510	N/A	368,154	215,036,299	5,760,301	37.3:1
4	1,054	N/A	492,861	324,820,052	7,711,528	42.1:1
5	84	N/A	33,305	41,091,901	521,108	78.9:1
6	<u>556</u>	N/A	<u>189,034</u>	<u>74,035,641</u>	<u>2,957,719</u>	25.0:1
Subtotal Residential	2,854		2,192,205	1,195,623,574	34,300,218	34.9:1
7	N/A	1,151,688	339,978	247,873,385	5,319,456	46.6:1
8	N/A	<u>404,486</u>	<u>62,655</u>	<u>29,346,237</u>	980,326	29.9:1
Subtotal Non- Residential		1,556,174	<u>402,633</u>	<u>277,219,622</u>	<u>6,299,782</u>	44.0:1
Total	2,854	1,556,174	\$2,594,838	\$1,472,843,196	\$40,600,000	36.3:1

⁽¹⁾ Assumes no change from Fiscal Year 2016/17 in number of Developed Property parcels, units or square footage.

⁽²⁾ Based on the amount projected to fund debt service on the Bonds together with the Minimum Administrative Expense Requirement.

⁽³⁾ Based on the Ventura County Assessor Roll for Fiscal Year 2016/17, with a January 1, 2016 valuation date.

⁽⁴⁾ Series B Bonds allocated based on proportionate share of estimated Fiscal Year 2017/18 Special Tax levy.

⁽⁵⁾ Calculated by dividing the respective assessed value column by the respective share of District Bonds column. There are currently no overlapping assessment districts and/or other community facilities districts encumbering the District. Does not include overlapping general obligation debt (see "Estimated Direct and Overlapping Debt" below).

Source: David Taussig & Associates, Inc.

* Preliminary, subject to change.

The table shown below sets forth the ratio of the Maximum Special Taxes, for all categories of existing Developed Property less the Minimum Administrative Expense Requirement, to the total debt service on the Bonds, based on existing Developed Property.

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

Bond Year Ending September 1	Developed Property Maximum Special Taxes	Minimum Administrative Expense Requirement	Net Special Tax Revenues	Debt Service* ⁽¹⁾	Total Coverage Based on Developed Property Maximum Net Special Tax Revenues*
2017	\$ 470,459	N/A	\$ 470,459	\$ 100,505	N/A
2018	2,883,153	\$(50,000)	2,833,153	2,030,000	140%
2019	2,940,816	(51,000)	2,889,816	2,073,000	139%
2020	2,999,632	(52,020)	2,947,612	2,113,000	139%
2021	3,059,625	(53,060)	3,006,565	2,156,000	139%
2022	3,120,818	(54,120)	3,066,698	2,201,000	139%
2023	3,183,234	(55,200)	3,128,034	2,243,000	139%
2024	3,246,899	(56,300)	3,190,599	2,288,000	139%
2025	3,311,837	(57,430)	3,254,407	2,332,000	140%
2026	3,378,074	(58,580)	3,319,494	2,382,000	139%
2027	3,445,635	(59,750)	3,385,885	2,429,000	139%
2028	3,514,548	(60,950)	3,453,598	2,476,000	139%
2029	3,584,839	(62,170)	3,522,669	2,525,000	140%
2030	3,656,536	(63,410)	3,593,126	2,575,000	140%
2031	3,729,667	(64,680)	3,664,987	2,630,000	139%
2032	3,804,260	(65,970)	3,738,290	2,680,000	139%
2033	3,880,345	(67,290)	3,813,055	2,735,000	139%
2034	3,957,952	(68,640)	3,889,312	2,787,000	140%
2035	4,037,111	(70,010)	3,967,101	2,845,000	139%
2036	4,117,853	(71,410)	4,046,443	2,899,000	140%
2037	4,200,210	(72,840)	4,127,370	2,957,000	140%
2038	4,284,214	(74,300)	4,209,914	3,021,000	139%
2039	4,369,898	(75,790)	4,294,108	3,078,000	140%
2040	4,457,296	(77,310)	4,379,986	3,138,000	140%
2041	4,546,442	(78,860)	4,467,582	3,201,000	140%
2042	4,637,371	(80,440)	4,556,931	3,270,000	139%
2043	4,730,118	(82,050)	4,648,068	3,335,000	139%
2044	4,824,720	(83,690)	4,741,030	3,400,000	139%
2045	4,921,214	(85,360)	4,835,854	3,466,000	140%
2046	5,019,638	(87,070)	4,932,568	3,537,000	139%
2047	5,120,031	(88,810)	5,031,221	3,607,000	139%

⁽¹⁾ Represents the debt service on the Bonds on September 1, 2017, less capitalized interest on the Series B Bonds and annual debt service on the Series B Bonds in all subsequent years.

Source: David Taussig & Associates, Inc. and Harrell & Company Advisors, LLC.

* Preliminary, subject to change.

Historical Levies and Tax Delinquencies

The Water District levied Special Taxes in the District for the first time in Fiscal Year 2015/16. The Special Tax Levy for Fiscal Year 2015/16 was \$460,343. As of June 30, 2016, the amount delinquent was \$6,691(1.5% of levy). The Special Tax was unpaid on 68 parcels, or 2.6% of parcels levied. As of December 31, 2016, only 16 parcels with Special Taxes of \$1,120 remained delinquent.

The Special Tax Levy for Fiscal Year 2016/17 is \$470,161, of which \$235,081 was due by December 10, 2016. As of December 10, 2016, \$6,490 of such amount was delinquent (2.8% of levy). The Special Tax installment due by December 10, 2016 was unpaid on ___ parcels, or ___% of parcels levied. [update for April 2017 installment data when available.]

Estimated Direct and Overlapping Debt

Set forth below is the direct and overlapping debt report (the “Debt Report”) prepared by California Municipal Statistics, Inc., as of February 1, 2017. The Debt Report is included for general information purposes only.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations are not payable from Special Taxes nor are they necessarily obligations secured by property within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

Presently, the Developed Property is subject to \$63,854,847 of direct and overlapping tax and assessment debt and overlapping lease obligation debt, including the Series B Bonds being issued. To repay the direct and overlapping tax and assessment debt and overlapping lease obligation debt, the owners of the land within the District must pay the Special Taxes, the fixed assessments as applicable, and the general property tax levy.

In addition, other public agencies whose boundaries overlap those of the District could, without the consent of the Water District, and in certain cases without the consent of the owners of the land within the District, impose additional taxes or assessment liens on the real property within the District in order to finance public improvements or services to be located or furnished inside of or outside of the District. The lien created on the real property within the District through the levy of such additional taxes or assessments may be on a parity with the lien of the Special Taxes. The imposition of additional liens on a parity with the Special Taxes may reduce the ability or willingness of the property owners to pay the Special Taxes and increases the possibility that foreclosure proceeds, if any, realized from the sale of property with delinquent Special Taxes will not be adequate to pay delinquent Special Taxes.

As of June 30, 2016, liens for Property Assessed Clean Energy (“PACE”) financings made through the Home Energy Renovation Opportunity (HERO) program existed against eight parcels within the District. The overlapping debt information in this Official Statement does not include these PACE liens, or any additional PACE liens that may have arisen since such date. The PACE financing program was developed to assist homeowners in obtaining funds for solar panels improvements, energy efficient windows and doors, high efficiency heating, ventilation and air conditioning systems, cool roofs and artificial turf and similar energy efficiency projects authorized thereunder.

**TABLE NO. 4
DIRECT AND OVERLAPPING DEBT SUMMARY**

2016-17 Assessed Valuation: \$1,472,843,196

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 2/1/17</u>
Ventura County Community College District General Obligation Bonds	1.199%	\$ 3,486,537
Ojai Unified School District General Obligation Bonds	38.586	7,092,026
Casitas Municipal Water District Community Facilities District No. 2013-1	100.	<u>40,600,000</u> ⁽¹⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$51,178,563
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Ventura County General Fund Obligations	1.198%	\$ 4,155,965
Ventura County Superintendent of Schools Obligations	1.198	<u>120,319</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$ 4,276,284
 COMBINED TOTAL DEBT		 \$55,454,847 ⁽²⁾

Ratios to 2016-17 Assessed Valuation:

Direct Debt (\$40,600,000)	2.76% ⁽¹⁾
Total Direct and Overlapping Tax and Assessment Debt.....	3.47%
Combined Total Debt	3.77%*

⁽¹⁾ Bonds to be sold. Preliminary, subject to change.

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

Source: California Municipal Statistics.

Estimated Tax Rate

Set forth on the following page is Table No. 5 which provides the estimated effective tax rates for Fiscal Year 2016/17, for all Special Tax categories under the Rate and Method of Residential Developed Property, assuming all property is located within the Ojai Valley Sanitary District (“Sanitary District”) and subject to the fixed sewer assessments collected on the tax roll by the Sanitary District.

TABLE NO. 5
ESTIMATED TOTAL EFFECTIVE TAX RATE IN FISCAL YEAR 2016/17

Home Size	Land Use Class					
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
Average Assessed Value ⁽¹⁾	\$966,300	\$685,200	\$445,500	\$316,200	\$489,200	\$140,200
Homeowner's Exemption	<u>(7,000)</u>	<u>(7,000)</u>	<u>(7,000)</u>	<u>(7,000)</u>	<u>(7,000)</u>	<u>(7,000)</u>
Estimated Net Assessed Value	\$959,300	\$678,200	\$438,500	\$309,200	\$482,200	\$133,200
Ad Valorem Tax Rate	1.0698%	1.0698%	1.0698%	1.0698%	1.0698%	1.0698%
Ad Valorem Tax	\$ 10,263	\$ 7,255	\$ 4,691	\$ 3,308	\$ 5,159	\$ 1,425
Fixed Assessments/Special Tax:						
CFD 2013-1	\$ 2,039	\$ 1,203	\$ 722	\$ 468	\$ 396	\$ 340
Sanitary District Sewer Charge	695	695	695	695	695	695
Other	<u>125</u>	<u>124</u>	<u>103</u>	<u>100</u>	<u>84</u>	<u>54</u>
Estimated Total Tax	\$ 13,122	\$ 9,277	\$ 6,211	\$ 4,571	\$ 6,334	\$ 2,514
Estimated Effective Tax Rate	1.37%	1.37%	1.42%	1.48%	1.31%	1.89%

⁽¹⁾ Average based on Fiscal Year 2016/17 County secured tax roll assessed values for each Land Use Classification, which may not represent the current market value of the respective property.

Source: Harrell & Company Advisors, LLC.

The Water District has no control over the amount of additional debt payable from special taxes or assessments levied on all or a portion of the property within the District that may be incurred in the future by other governmental agencies having jurisdiction over such property. Furthermore, nothing prevents owners of property within the District from consenting to the issuance of such debt by other governmental agencies. To the extent that such indebtedness is payable from assessments, special taxes levied pursuant to the Act, or other taxes, such assessments, special taxes, and other taxes may be secured by liens on the property within the District on a parity with the lien of the Special Taxes.

The incurrence of any such additional indebtedness could cause the total debt on the property within the District to increase without any corresponding increase in the value of such property, thereby reducing (perhaps dramatically) the estimated value-to-lien ratios that exist at the time the Bonds are issued. The incurrence of such additional indebtedness could reduce the willingness and ability of the property owners within the District to pay Special Taxes when due. See “SPECIAL RISK FACTORS - Other Possible Claims Upon the Property Values.”

Property Assessed Values

The most recent assessed value reported by the County Assessor for the Developed Property in the District was as of January 1, 2016, totaling \$1,472,843,196. The assessed values of property in the District discussed in this Official Statement are from that County Assessor’s secured property tax roll. These assessed values represent the “full cash value” of such property as determined by the County Assessor. Pursuant to rules of the State Board of Equalization that govern the County Assessor’s valuation of property in the District, “full cash value” of real property means the price at which the unencumbered or unrestricted fee simple interest in the real property (subject to any enforceable governmental restrictions) would transfer for cash or its equivalent under prevailing market conditions. These rules also provide that when valuing property as a result of a change in ownership for consideration it shall be rebuttably presumed that the consideration valued in money (i.e., the purchase price), whether paid in money or otherwise, is the full cash value of the property. Pursuant to the California Constitution, the full cash value of property may reflect from year to year the inflationary rate not to exceed two percent for any given year or reduction as shown in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced to reflect substantial damage, destruction or other factors causing a decline in value.

No assurance can be given, therefore, that the assessed value of property in the District will not be reduced by the County Assessor for Fiscal Year 2017/18 or for any subsequent fiscal year.

See “SPECIAL RISK FACTORS - Property Values.”

Assessed values, as determined by the County Assessor, may not reflect the actual market value of property in the District (e.g., homes in the District might sell for more or less than the County Assessor’s assessed value). The Water District does not intend to have an appraisal prepared to estimate the market value of any property in the District.

The District was formed in 2013. In 2012/13, the District had 2,604 parcels with as assessed value of \$1,198,107,722. The first levy of Special Taxes occurred in 2015/16. Table No. 6 shows assessed valuations for all Developed Property in the District for Fiscal Year 2015/16 and 2016/17.

**TABLE NO. 6
HISTORICAL ASSESSED VALUATION**

	<u>Number of Parcels</u>	<u>Land Value</u>	<u>Improvement Value</u>	<u>Total</u>
2015/16	2,605	\$742,612,673	\$651,020,616	\$1,393,633,289
2016/17	2,607	793,196,403	679,646,793	1,472,843,196

Source: County of Ventura; compiled by David Taussig & Associates, Inc.

Top Taxpayers

Table No. 7 on the following page shows the percent of the estimated Fiscal Year 2017/18 Projected Special Tax on Developed Property based on property ownership status as of January 1, 2016 as provided by the County of Ventura.

**TABLE NO. 7
LARGEST TAXPAYERS**

<u>Property Owner</u>	<u>Number of Parcels</u>	<u>Number of Residential Units</u>	<u>Commercial/ Industrial Property Square Footage</u>	<u>FY 2017/18 Projected Special Tax ⁽¹⁾</u>	<u>FY % of 2017/18 Projected Special Tax</u>
OVIS LLC	7	13	109,625	\$ 38,480	1.48%
Gables of Ojai LLC	2	-	59,798	17,652	0.68
Edelson, Steve	5	2	40,089	13,759	0.53
Vadnais, Dean-Gloria Tr	5	-	45,884	12,973	0.50
Community Memorial Health Systems	2	-	43,293	12,780	0.49
KO Management LLC	1	-	76,188	11,801	0.45
Resort Apartments LLC	1	34	-	11,560	0.45
Ojai Bungalows LP	9	32	-	11,332	0.44
Ojai Med Group et al	1	-	35,576	10,502	0.40
Cluff Investments LTD Part	1	-	34,500	10,184	0.39
Shamshiri, Ramin-Langley Tr	2	6	-	9,726	0.37
Baskin, Robert Tr	5	20	-	9,502	0.37
Bjornestad, Arthur Tr	1	-	56,446	8,743	0.34
Rains Family Investment Co	2	-	26,802	7,912	0.30
Ojai Valley School	7	8	-	7,899	0.30
Calabasas Estates LLC	1	-	48,906	7,575	0.29
417 Bryant Circle LLC	1	-	25,467	7,518	0.29
Rogers- Cooper Mem Foundation	2	7	-	7,477	0.29
Wells, Jack-Barbara Tr	3	19	-	7,323	0.28
Montgomery Oaks Assoc	1	21	-	7,140	0.28
Merewether, Michael L-J Tr	1	21	-	7,140	0.28
Ojai Valley Athletic Club	1	-	23,196	6,847	0.26
Ojai Grand Slam Inv LLC	<u>2</u>	<u>8</u>	<u>12,831</u>	<u>6,508</u>	<u>0.25</u>
Subtotal	63	191	638,601	252,333	9.72
All Other Owners	<u>2,544</u>	<u>2,663</u>	<u>917,573</u>	<u>2,342,505</u>	<u>90.28</u>
Total	2,607	2,854	1,556,174	\$2,594,838	100.00%

⁽¹⁾ Assumed 90% of Maximum Special Tax.

Source: County of Ventura; compiled by David Taussig & Associates, Inc.

Estimated Total Valuation of Developed Taxable Property Within the District

Table Nos. 8 through 11 show the pro-rata share of Series B Bonds allocated by estimated Fiscal Year 2017/18 Special Tax levy summarized based on value-to-lien ratios ranges. The tables are segregated by residential, commercial and industrial properties.

**TABLE NO. 8
VALUE TO LIEN RATIO OF DEVELOPED PROPERTY (DISTRICT DEBT ONLY)
ALL LAND USE CLASSES COMBINED**

<u>Assessed Value-to-Lien</u>	<u>FY 2016/17 Parcels</u>	<u>FY 2016/17 Units</u>	<u>FY 2016/17 Square Feet ⁽¹⁾</u>	<u>% of Special Tax/Bonds</u>	<u>Share of Bonds ^{(2)*}</u>	<u>Assessed Value ⁽³⁾</u>	<u>Average Value to Lien ^{(4)*}</u>
Below 3:1	17	34	8,748	1.3%	\$ 514,465	\$ 1,104,170	2.1:1
3:1 to 4.99:1	84	143	29,353	4.4%	1,791,724	7,496,679	4.2:1
5:1 to 9.99:1	214	250	129,844	8.6%	3,492,810	25,531,088	7.3:1
10:1 to 19.99:1	318	391	233,289	15.4%	6,233,573	94,752,069	15.2:1
20:1 to 29.99:1	383	527	289,024	19.4%	7,871,931	195,247,348	24.8:1
Above 30:1	<u>1,591</u>	<u>1,509</u>	<u>865,916</u>	<u>50.9%</u>	<u>20,695,497</u>	<u>1,148,711,842</u>	<u>55.5:1</u>
Total	2,607	2,854	1,556,174	100.0%	\$40,600,000	\$1,472,843,196	36.3:1

See footnotes following Table No. 11.

**TABLE NO. 9
VALUE TO LIEN RATIO OF DEVELOPED PROPERTY (DISTRICT DEBT ONLY)
RESIDENTIAL PROPERTY**

<u>Assessed Value-to-Lien</u>	<u>FY 2016/17 Parcels</u>	<u>FY 2016/17 Units</u>	<u>FY 2016/17 Square Feet ⁽¹⁾</u>	<u>% of Special Tax/Bonds</u>	<u>Share of Bonds ^{(2)*}</u>	<u>Assessed Value ⁽³⁾</u>	<u>Average Value to Lien ^{(4)*}</u>
Below 3:1	16	34		1.2%	\$ 474,060	\$ 1,008,964	2.1:1
3:1 to 4.99:1	79	143		4.1%	1,676,610	7,024,851	4.2:1
5:1 to 9.99:1	202	250		7.5%	3,026,145	22,327,478	7.4:1
10:1 to 19.99:1	289	391		12.9%	5,217,923	80,462,447	15.4:1
20:1 to 29.99:1	351	527		16.4%	6,660,898	165,724,272	24.9:1
Above 30:1	<u>1,447</u>	<u>1,509</u>		<u>42.4%</u>	<u>17,244,582</u>	<u>919,075,562</u>	<u>53.3:1</u>
Total	2,384	2,854	N/A	84.5%	\$34,300,218	\$1,195,623,574	34.9:1

See footnotes following Table No. 11.

**TABLE NO. 10
VALUE TO LIEN RATIO OF DEVELOPED PROPERTY (DISTRICT DEBT ONLY)
COMMERCIAL PROPERTY**

<u>Assessed Value-to-Lien</u>	<u>2016/17 Parcels</u>	<u>2016/17 Units</u>	<u>2016/17 Square Feet ⁽¹⁾</u>	<u>% of Special Tax/Bonds</u>	<u>Share of Bonds ^{(2)*}</u>	<u>Assessed Value ⁽³⁾</u>	<u>Average Value to Lien ^{(4)*}</u>
Below 3:1	1		8,748	0.1%	\$ 40,406	\$ 95,206	2.4:1
3:1 to 4.99:1	4		20,032	0.2%	92,524	376,047	4.1:1
5:1 to 9.99:1	10		69,233	0.8%	319,775	2,225,975	7.0:1
10:1 to 19.99:1	25		205,105	2.3%	947,346	13,219,670	14.0:1
20:1 to 29.99:1	31		232,578	2.6%	1,074,238	26,346,211	24.5:1
Above 30:1	<u>118</u>		<u>615,992</u>	<u>7.1%</u>	<u>2,845,167</u>	<u>205,610,276</u>	<u>72.3:1</u>
Total	189	N/A	1,151,688	13.1%	\$5,319,456	\$247,873,385	46.6:1

See footnotes following Table No. 11.

**TABLE NO. 11
VALUE TO LIEN RATIO OF DEVELOPED PROPERTY (DISTRICT DEBT ONLY)
INDUSTRIAL PROPERTY**

<u>Assessed Value-to-Lien</u>	<u>2016/17 Parcels</u>	<u>2016/17 Units</u>	<u>2016/17 Square Feet ⁽¹⁾</u>	<u>% of Special Tax/Bonds</u>	<u>Share of Bonds ^{(2)*}</u>	<u>Assessed Value ⁽³⁾</u>	<u>Average Value to Lien ^{(4)*}</u>
Below 3:1	-			0.0%	\$ -	\$ -	-
3:1 to 4.99:1	1		9,321	0.1%	22,589	95,781	4.2:1
5:1 to 9.99:1	2		60,611	0.4%	146,889	977,635	6.7:1
10:1 to 19.99:1	4		28,184	0.2%	68,303	1,069,952	15.7:1
20:1 to 29.99:1	1		56,446	0.3%	136,796	3,176,865	23.2:1
Above 30:1	<u>26</u>		<u>249,924</u>	<u>1.4%</u>	<u>605,749</u>	<u>24,026,004</u>	<u>39.7:1</u>
Total	34	N/A	404,486	2.4%	\$980,326	\$29,346,237	29.9:1

⁽¹⁾ Industrial and Commercial Property.

⁽²⁾ Bonds allocated based on the proportionate share of the estimated Special Tax levy for the District for Fiscal Year 2017/18.

⁽³⁾ Ventura County Assessor Roll for Fiscal Year 2016/17.

⁽⁴⁾ Calculated as the 2016/17 Assessed Value divided by the Prorata Share of Bonds.

Source: David Taussig & Associates, Inc. and Harrell & Company Advisors, LLC.

* Preliminary, subject to change.

[Describe low VTL parcels]

Notwithstanding the foregoing and following discussions and estimates of value, there is no assurance that, in the event of a foreclosure sale of a parcel for delinquent Special Taxes, any bid would be received for such property or that any bid received would be sufficient to pay the delinquent Special Taxes and any parity special taxes, taxes and assessments. See the section herein entitled “SPECIAL RISK FACTORS.”

The Water District has no control over the amount of additional indebtedness that may be issued in the future by other public agencies, the payment of which, through the levy of a tax or an assessment, may be on a parity with the Special Taxes and be secured by a lien on a parity with the lien securing payment of the Special Taxes. See “THE DISTRICT - Estimated Direct and Overlapping Debt” herein.

SPECIAL RISK FACTORS

Investment in the Bonds involves risks which may not be appropriate for certain investors. The following is a discussion of certain risk factors, in no particular order of importance, all of which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds. This discussion does not purport to be comprehensive or definitive. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of existing or future property owners within the District to pay the Special Taxes levied in the District when due. Such failure to pay Special Taxes could result in the inability of the Water District to make full and punctual payments of debt service on the Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the District.

Risks of Real Estate Secured Investments Generally

The Owners of the Bonds will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the District, the supply of or demand for competitive properties in such area, and the market value of residential property or buildings and/or sites in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; and (iii) natural disasters (including, without limitation, earthquakes, fires and floods), which may result in uninsured losses.

No assurance can be given that the individual homeowners and other property owners will pay Special Taxes in the future or that they will be able to pay such Special Taxes on a timely basis. See “Levy and Collection of the Special Taxes - Factors that Could Lead to Special Tax Deficiencies” below, for a discussion of certain limitations on the Water District’s ability to pursue judicial proceedings with respect to delinquent parcels.

Limited Obligation to Pay Debt Service

The Water District has no obligation to pay principal of or interest on the Bonds if Special Tax collections are delinquent or insufficient for such purposes, other than from amounts, if any, on deposit in the Reserve Fund established for the Bonds or funds derived from the foreclosure and sale of parcels for Special Tax delinquencies. The Water District is not obligated to advance its own funds to pay debt service on the Bonds.

Levy and Collection of the Special Taxes

General. The principal source of payment of principal of and interest on the Bonds is the proceeds of the annual levy and collection of the Special Tax against property within the District.

Limitation on Special Tax Rate. The annual levy of the Special Tax on any parcel is limited to the maximum Special Tax rate authorized in the Rate and Method. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay debt service on the Bonds. Moreover, the Special Tax levy on a residential parcel may not be increased by more than 10% as a consequence of delinquencies in payment of Special Taxes by other property owners in the District.

No Relationship Between Property Value and Special Tax Levy. Because the Rate and Method is not based on property value, the levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular Developed Parcels and the amount of the levy of the Special Tax against those parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of the Developed Parcels and their proportionate share of debt service on the Bonds, and certainly not a direct relationship.

Factors that Could Lead to Special Tax Deficiencies. The following are some of the factors that might cause the levy of the Special Tax on any particular Taxable Parcel to vary from the Special Tax that might otherwise be expected:

Transfers to Governmental Entities. The number of Developed Parcels could be reduced through the acquisition of Developed Parcels by a governmental entity (by exercise of its rights as mortgage guarantor, or for other reasons) and failure of the government to pay the Special Tax based upon a claim of exemption or, in the case of the federal government or an agency thereof, immunity from taxation, thereby resulting in an increased tax burden on the remaining taxed parcels. See “Enforcement of Special Taxes on Governmentally Owned Properties” below.

Property Tax Delinquencies. Failure of the owners of Developed Parcels to pay property taxes (and, consequently, the Special Tax), or delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, could result in a deficiency in the collection of Special Taxes. For a summary of Special Tax collections in the District, see “THE DISTRICT - Historical Levies and Tax Delinquencies.”

Delays Following Delinquencies and Foreclosure Sales. The Fiscal Agent Agreement provides that the Special Tax is to be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as provided in the special covenant in the Fiscal Agent Agreement for foreclosure described in “SECURITY FOR THE BONDS - Covenant for Superior Court Foreclosure” and in the Act, is subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ordinary *ad valorem* property taxes. Under these procedures, if taxes are unpaid for a period of five years or more, the property is subject to sale by the County. See “Proceeds of Foreclosure Sales” below.

If sales or foreclosures of property are necessary to collect delinquent Special Taxes, there could be a delay in payments to the District, pending such sales or the prosecution of foreclosure proceedings and receipt by the Water District of the proceeds of sale allocable to the Special Tax delinquencies if the Reserve Fund for the Bonds is depleted.

Payment of Special Taxes is Not a Personal Obligation of the Property Owners

Property Owners are not personally obligated to pay their respective Special Taxes. Rather, the Special Taxes are obligations only against the respective parcels against which they are levied. If, after a default in the payment of the Special Tax and a foreclosure sale, the resulting proceeds are insufficient, taking into account other obligations also constituting a lien against the parcel, the Water District has no personal recourse against the parcel owner.

Assessed Valuations

The Water District has not commissioned an appraisal of the parcels in the District in connection with the issuance of the Bonds. Therefore, the estimated valuation of the Developed Parcels in the District set forth in this Official Statement are based on the County Assessor's values. The assessed value is not an indication of what a willing buyer might pay for a property. The assessed value is not evidence of future value because future facts and circumstances may differ significantly from the present.

No assurance can be given that any of the Developed Parcels in the District could be sold for the assessed value if that property should become delinquent and subject to foreclosure proceedings.

Property Values

The value of Developed Parcels within the District is a critical factor in determining the investment quality of the Bonds. If a parcel owner defaults in the payment of the Special Taxes, the Water District's only remedy is to foreclose on the delinquent property to collect the delinquent Special Taxes.

The following is a discussion of risk factors that could affect the value of property in the District.

Prolonged Economic Downturn. Declines in property values in the District could result in property owner unwillingness or inability to pay mortgage payments, as well as *ad valorem* property taxes and Special Taxes, when due. Under such circumstances, bankruptcies are likely to increase. Bankruptcy by property owners with delinquent Special Taxes would delay the commencement and completion of foreclosure proceedings. See "Bankruptcy Delays" below. Property values within the District were adversely affected by a decline in market value along with the rest of the State during the recent economic crisis.

Risks Related to Mortgage Loans. Although residential projects that have their homes built and occupied by homeowners are typically viewed as providing bondholders with strong credits, some of the home purchasers, especially those during 2004 to 2007, may face challenges in making their mortgage and tax payments on a timely basis, due to their initial high loan to value ratios, creative mortgage loan structures, and possible current negative equity levels.

Events in the United States and world-wide capital markets have affected and can adversely affect the future availability of mortgage loans to homeowners, including potential buyers of homes within the District. Any such unavailability could hinder the ability of the current homeowners to resell their homes, and adversely affect the market prices available to current homeowners and adversely affect the prospect for development of the vacant parcels in the District.

Natural Disasters. The value of the parcels in the District in the future can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the parcels in the District and the continued habitability and

enjoyment of such private improvements. For example, the areas in and surrounding the District, like those in much of California, may be subject to earthquakes or other unpredictable seismic activity.

The District encompasses property in the City of Ojai (“Ojai”) and its surrounding environs. According to safety element of the Ojai General Plan, there are several faults and fault zones located near Ojai. In the event of a surface displacement along these fault zones, loss of life and property damage in the unincorporated County area and the incorporated areas of Ojai could be significant. Of primary concern are the Santa Ana/Arroyo Parida Fault Zone and the Lion Mountain Fault. Other seismic hazards include ground shaking and liquefaction.

Other natural disasters could include, without limitation, floods, wildfires, droughts or tornadoes. According to the safety element of Ojai’s General Plan, there are no dams within, adjacent to or upstream from Ojai which are large enough to endanger lives and property in the event of a failure. However, flooding is considered a risk and some areas of Ojai, and therefore the District, are within a 100-year flood plain. Further, because area surrounding Ojai is covered with woodland, brush or grassland, there is wildfire risk depending on weather conditions. One or more natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances there could be significant delinquencies in the payment of Special Taxes, and the value of the taxable parcels may well depreciate.

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

Although the Water District is not aware that the owner or operator of any of the Developed Parcels in the District has such a current liability, and no information is available as to the existence of any hazardous substances within the District, it is possible that such liabilities do currently exist. Further, it is possible that liabilities may arise in the future resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but that has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently on the parcel of a substance not presently classified as hazardous but that may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the property values that would otherwise be realized upon a delinquency in the payment of Special Taxes.

Other Factors. Other factors that could adversely affect property values in the District include, among others, relocation of employers out of the area, shortages of water, electricity, natural gas or other utilities, and destruction of property caused by man-made disasters.

California Drought; State of Emergency Proclamation; Water Rates

[to be completed]

Other Possible Claims Upon the Property Values

While the Special Taxes are secured by a lien on the Developed Parcels in the District, the property is subject to various parity liens and other similar claims. Tables listing the outstanding governmental obligations affecting the District are set forth under “THE DISTRICT - Estimated Direct and Overlapping Debt.” In addition, other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels within the District, and may be secured by a lien on a parity with the lien of the Special Taxes securing the Bonds.

Based on the 2016/17 property tax roll, PACE liens exist against eight parcels within the District. The overlapping debt information in this Official Statement does not include these PACE liens, or any additional PACE liens that may have arisen since the date of the 2016/17 property tax roll. See “THE DISTRICT - Estimated Direct and Overlapping Debt.”

In general, the Special Taxes, and all other taxes, assessments and charges also collected on the tax roll, are on a parity, that is, are of equal priority. Questions of priority become significant when collection of one or more of the taxes, assessments or charges is sought by some other procedure, such as foreclosure and sale. If proceedings are brought to foreclose a delinquency, the Special Taxes will generally be on parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro-rata basis.

Enforcement of Special Taxes on Governmentally Owned Properties

General. The ability of the Water District to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the “FDIC”), the Drug Enforcement Agency, the Internal Revenue Service, or other federal agency has or obtains an interest. Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest.

The supremacy clause of the United States Constitution reads as follows: “This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the contrary notwithstanding.” This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes within the District, but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the Water District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government’s mortgage interest. In *Rust v. Johnson* (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association (“FNMA”) is a federal instrumentality

for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

The Water District has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes within the District. No assurance can be given as to the likelihood that the risks described above will materialize while the Bonds are outstanding.

FDIC. If any financial institution making any loan secured by real property within the District is taken over by the FDIC, and prior thereto or thereafter the loan (or loans) goes into default, resulting in ownership of the property by the FDIC, then the ability of the Water District to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited.

The FDIC's policy statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non-ad valorem taxes, including special taxes and assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Mello-Roos Act and a special tax formula, which determines the special tax due each year, are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. The Ninth Circuit issued a ruling on August 28, 2001, in which it determined that the FDIC, as a federal agency, is exempt from Mello-Roos special taxes.

The Water District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within the District in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes to be foreclosed on at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Reserve Fund established for the Bonds and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the Bonds.

Exemptions Under Rate and Method and the Mello-Roos Act. Certain properties are exempt from the Special Tax in accordance with the Rate and Method and the Act, which provides that properties or entities of the state, federal or local government are exempt from the Special Tax; provided, however, that property within the District acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax.

In addition, although the Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment, the constitutionality and operation of these provisions of the Act have not been tested, meaning that such property could become exempt from the Special Tax. The Act further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax.

Proceeds of Foreclosure Sales

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of any Special Tax, the Board of Directors, as the legislative body of the District, may order that the Special Taxes be collected by a superior court action to foreclose the lien within specified time limits. The Water District has covenanted in the Fiscal Agent Agreement that it will, under certain circumstances, commence such a foreclosure action. See “SECURITY FOR THE BONDS - Covenant for Superior Court Foreclosure.”

No assurances can be given that a taxable parcel in the District that would be subject to a judicial foreclosure sale for delinquent Special Taxes will be sold or, if sold, that the proceeds of such sale will be sufficient to pay the delinquent Special Tax installment. Although the Act authorizes the Water District to cause such an action to be commenced and diligently pursued to completion, the Act does not specify any obligation of the Water District with regard to purchasing or otherwise acquiring any lot or parcel of property sold at the foreclosure sale in any such action if there is no other purchaser at such sale and the Water District has not in any way agreed nor does it expect to be such a bidder.

In a foreclosure proceeding, a judgment debtor (i.e., the property owner) has 140 days from the date of service of the notice of levy in which to redeem the property to be sold and may have other redemption rights afforded by law. If a judgment debtor fails to so redeem and the property is sold, his only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale if the purchaser at the sale was the judgment creditor. If a foreclosure sale is thereby set aside, the judgment is revived and the judgment creditor is entitled to interest on the revived judgment as if the sale had not been made.

If foreclosure proceedings were ever instituted, any holder of a mortgage or deed of trust on the affected property could, but would not be required to, advance the amount of the delinquent Special Tax installment to protect its security interest.

In the event such superior court foreclosure or foreclosures are necessary, there could be a delay in principal and interest payments to the owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the District of the proceeds of the foreclosure sale, if any. Judicial foreclosure actions are subject to the normal delays associated with court cases and may be further slowed by bankruptcy actions and other factors beyond the control of the Water District, including delay due to crowded local court calendars or legal tactics and, in any event could take several years to complete. In particular, bankruptcy proceedings involving the merchant builder or any other owner of a taxable parcel in the District could cause a delay, reduction or elimination in the flow of Special Tax Revenues to the Fiscal Agent. See “Bankruptcy Delays” below.

Depletion of Reserve Fund

A Reserve Fund has been established and may be used to pay principal of and interest on the Bonds if insufficient funds are available from the proceeds of the levy and collection of the Special Taxes against property within the District. See “SECURITY FOR THE BONDS - Reserve Fund.”

If funds in the Reserve Fund are depleted, the funds can be replenished from the proceeds of the levy and collection of the Special Tax that are in excess of the amount required to pay all amounts to be paid to the Fiscal Agent under the Fiscal Agent Agreement. However, no replenishment from the proceeds of a Special Tax levy can occur so long as the proceeds that are collected from the levy of the Special Tax against property within the District at the maximum Special Tax rates, together with other available funds, remain insufficient to pay all such amounts. Moreover, the Special Tax levy on a residential parcel may not be increased by more than 10% as a consequence of delinquencies in payment of Special Taxes by other property owners in the District. Thus, it is possible that the Reserve Fund will be depleted and not be replenished by the levy of the Special Tax.

Bankruptcy Delays

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

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner or any other person claiming an interest in the property could result in a delay in superior court foreclosure proceedings and could result in the possibility of Special Tax installments not being paid in part or in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds.

Disclosure to Future Purchasers

The County recorded, in the Office of the County Recorder, a notice of the Special Tax lien with respect to the District. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider the obligations represented by the Special Taxes in the purchase of a parcel of land or a home in the District, or the lending of money secured by property in the District.

No Acceleration

The Fiscal Agent Agreement does not contain a provision allowing for acceleration of the principal of the Bonds, if a payment default or other default occurs under the Fiscal Agent Agreement.

Loss of Tax Exemption

As discussed under the heading "TAX MATTERS," interest on the Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the Water District in violation of its covenants in the Fiscal Agent Agreement.

The Fiscal Agent Agreement does not contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the Bonds were to be includable in gross income for purposes of federal income taxation, the Bonds would continue to remain outstanding until

maturity unless earlier redeemed pursuant to the redemption provisions of the Fiscal Agent Agreement. See “THE BONDS - Redemption.”

In addition, Congress has considered in the past, is currently considering and may consider in the future, legislative proposals, including some that carry retroactive effective dates that, if enacted, would alter or eliminate the exclusion from gross income for federal income tax purposes of interest on municipal bonds, such as the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation.

Voter Initiatives

Under the California Constitution, the power of initiative is reserved to the voters for the purpose of enacting statutes and constitutional amendments. Since 1978, the voters have exercised this power through the adoption of Proposition 13 and similar measures, including Proposition 218, which was approved in the general election held on November 5, 1996, and Proposition 26, which was approved on November 2, 2010.

Any such initiative may affect the collection of fees, taxes and other types of revenue by local agencies such as the Water District. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the District Bonds.

Proposition 218-Voter Approval for Local Government Taxes-Limitation on Fees, Assessments, and Charges-Initiative Constitutional Amendment, added Articles XIII C and XIII D to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges.

On November 2, 2010, California voters approved Proposition 26, entitled the “Supermajority Vote to Pass New Taxes and Fees Act.” Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26 amended Articles XIII A and XIII C of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes (“special taxes”) require a two-thirds vote.

The Special Taxes and the Bonds were each authorized by not less than a two-thirds vote of the registered voters residing within the District who constituted the qualified electors at the time of such voted authorization. The Water District believes, therefore, that issuance of the Bonds does not require the conduct of further proceedings under the Act, Proposition 218 or Proposition 26.

Like their antecedents, Proposition 218 and Proposition 26 are likely to undergo both judicial and legislative scrutiny before the impact on the District can be determined. Certain provisions of Proposition 218 and Proposition 26 may be examined by the courts for their constitutionality under both State and federal constitutional law, the outcome of which cannot be predicted.

Enforceability of Remedies

The remedies available to the Fiscal Agent and the owners of the Bonds upon a default under the Fiscal Agent Agreement or any other document described in this Official Statement are in many respects

dependent upon regulatory and judicial actions that are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. Any legal opinions to be delivered concurrently with the issuance of the Bonds will be qualified to the extent that the enforceability of the legal documents with respect to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

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

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Prices of bond 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.

No assurance can be given that the market price for the Bonds will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the Bonds for audit examination, or the course or result of any Internal Revenue Service audit or examination of the Bonds or obligations that present similar tax issues as the Bonds.

TAX MATTERS

In the opinion of Rutan & Tucker, LLP, Costa Mesa, California, Bond Counsel, subject, however to the qualifications set forth below, 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 preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Water District 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 Bonds. The Water District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California 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 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 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the 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 Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the 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 Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

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

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

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix B.

CONTINUING DISCLOSURE

The Water District will provide certain annual financial information (the "Annual Reports") and notices of the occurrence of certain enumerated events in accordance with Rule 15c2-12 of the Securities Exchange Act of 1934 as amended (the "Rule") by not later than March 1 in each year commencing March 1, 2018. David Taussig & Associates, Inc. will act as dissemination agent (the "Dissemination Agent"). The specific nature of the information to be contained in the annual report or the notices of listed events and certain other terms of the continuing disclosure obligation are found in the form of the Water District's disclosure certificate attached in "APPENDIX E - FORM OF CONTINUING DISCLOSURE AGREEMENT."

Neither the Water District nor the District have entered into any previous undertakings pursuant to the Rule.

It is expected that the Dissemination Agent will prepare and file the Annual Report and any notices of listed events as required by the continuing disclosure obligation for the Bonds on behalf of the Water District and the District.

LEGAL MATTERS

Absence of Litigation

At the time of delivery of and payment for the Bonds, the Water District will deliver a certificate to the effect that there is no known action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or regulatory agency against the Water District or the District affecting the existence of the Water District or the District or the title of their respective officers to office or seeking to restrain or to enjoin the issuance, sale, or delivery of the Bonds, the application of the proceeds thereof in accordance with the Fiscal Agent Agreement, or the collection or application of the Special Taxes to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Resolution of Issuance, the Fiscal Agent Agreement, or any other applicable agreements or any action of the Water District or the District or contemplated by any of said documents.

Legal Matters Incident to the Issuance of the Bonds

Certain legal matters incident to the authorization and issuance of the Bonds are subject to the approving opinion of Rutan & Tucker, LLP, acting in its capacity as Bond Counsel. Certain legal matters related to the Bonds and the District will be passed upon by Arnold, LaRochelle, Mathews, VanConas & Zirbel LLP, acting in its capacity as General Counsel to the District. Certain legal matters related to disclosure will be passed upon for the District by Quint & Thimmig LLP, acting in its capacity as Disclosure Counsel to the Water District. Jones Hall, A Professional Law Corporation, San Francisco, California, is acting as counsel for the Underwriter. Payment of Disclosure Counsel's, and Underwriter Counsel's fees and expenses is contingent upon the sale and issuance of the Bonds. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

CONCLUDING INFORMATION

Rating on the Bonds

Standard & Poor's Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned a rating of "___" to the Bonds. Such rating reflects only the views of S&P, and any desired explanation of the significance of such rating may be obtained from Standard & Poor's Global Ratings at the following address: 55 Water Street, New York, New York 10041, (212) 438-2000. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

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

Underwriting

The Bonds are being purchased by the Underwriter for a price of \$_____ being equal to the initial principal amount of the Bonds of \$_____, plus a net original issue premium of \$_____ and less an Underwriter's discount of \$_____. The Bonds are being offered for sale to the public at the prices set forth on the inside cover page of this Official Statement, which prices may be changed by the Underwriter from time to time without notice. The Bonds may be offered and sold to dealers, including the Underwriter and dealers acquiring Bonds for their own account or for an account managed by them, at prices lower than the public offering price. The Underwriter will pay certain of its expenses relating to the offering from the Underwriter's discount.

The Underwriter has entered into a distribution agreement ("Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

The Municipal Advisor

The material contained in this Official Statement was prepared by the Water District with the assistance of Harrell & Company Advisors, LLC, Orange, California (the "Municipal Advisor"), an independent financial consulting firm, which advised the Water District as to the financial structure and certain other financial matters relating to the Bonds. The information set forth herein has been obtained by the Water District from sources which are believed to be reliable, but such information is not guaranteed by the Municipal Advisor as to accuracy or completeness, nor has it been independently verified. Fees paid to the Municipal Advisor are contingent upon the sale and delivery of the Bonds.

Miscellaneous

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not expressly stated, are intended as such and not as representations of fact. No representation is made that any of such statements made will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract or agreement between any of the Water District, the District or the Underwriter and the purchasers or the owners of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Board of Directors.

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

By: _____
General Manager

APPENDIX A
SUMMARY OF THE FISCAL AGENT AGREEMENT

APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

[to be provided]

APPENDIX C
RATE AND METHOD OF APPORTIONMENT
OF SPECIAL TAX

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

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

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

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

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

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

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

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

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

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

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

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

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

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

"City" means the City of Ojai.

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

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

“County” means the County of Ventura.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“State” means the State of California.

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

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

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

B. ASSIGNMENT TO LAND USE CATEGORIES

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

C. MAXIMUM SPECIAL TAX RATE

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

(1). Maximum Special Tax

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

TABLE 1

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

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

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

(2). Increase in the Maximum Special Tax

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

(3). Multiple Land Use Classes

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

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

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

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

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

E. EXEMPTIONS

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

F. MANNER OF COLLECTION

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

G. APPEALS AND INTERPRETATIONS

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

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

H. PREPAYMENT OF THE SPECIAL TAX

The following additional definitions apply to this Section H:

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

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

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

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

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

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

1. Prepayment in Full

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

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

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

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

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

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

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

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

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

2. Prepayment in Part

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

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

These terms have the following meaning:

PP = the partial prepayment.

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

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

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

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

I. TERM OF SPECIAL TAX

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

APPENDIX D

ECONOMIC PROFILE FOR THE COUNTY OF VENTURA

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

General Information

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

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

General Demographic Information

The following table provides a comparison of population growth for County of Ventura and the State of California between 2012 and 2016.

**TABLE NO. D-1
CHANGE IN POPULATION
COUNTY OF VENTURA AND STATE OF CALIFORNIA
2012 – 2016**

January 1	<u>COUNTY OF VENTURA</u>		<u>STATE OF CALIFORNIA</u>	
	<u>Year</u>	<u>Population</u>	<u>Population</u>	<u>Percentage</u>
				<u>Change</u>
2012	834,253		37,881,357	
2013	840,867	0.8%	38,239,207	0.9%
2014	846,705	0.7%	38,567,459	0.9%
2015	850,491	0.4%	38,907,642	0.9%
2016	856,508	0.7%	39,255,883	0.9%
<hr/>				
% Increase Between				
2012 - 2016		2.7%		3.6%

Source: *State of California, Department of Finance, "E-4 Population Estimates for Cities, Counties and the State, 2011-2015, with 2010 Census Benchmark,"* Sacramento, California, May 2016.

Major Employers

**TABLE NO. D-1
COUNTY OF VENTURA
MAJOR EMPLOYERS**

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
Air National Guard	Port Hueneme	State Government-National Security
Amgen Inc.	Thousand Oaks	Biological Specimens-Manufacturers
Anthem Blue Cross	Westlake Village	Insurance
Baxter Healthcare	Westlake Village	Physicians & Surgeons Equip & Supls.-Mfrs.
Boskovich Farms Inc.	Oxnard	Fruits & Vegetables-Growers & Shippers
Cal Atlantic Homes	Westlake Village	Home Builders
City of Simi Valley	Simi Valley	Government Offices-City, Village & Twp.
Coleman Welding	Ventura	Steel-Structural (Mfrs.)
Community Memorial Health Syst.	Ventura	Hospitals
Dole Berry Co.	Oxnard	Fruits & Vegetables-Growers & Shippers
Haas Automation Inc.	Oxnard	Machinery-Manufacturers
Harbor Freight Tools USA Inc.	Camarillo	Tools-New & Used
I Yogi Technical Support	Oak Park	Computers-Service & Repair
Los Robles Hospital & Med Ctr.	Thousand Oaks	Hospitals
Moorpark College	Moorpark	Schools-Universities & Colleges Academic
Nancy Reagan Breast Center	Simi Valley	Diagnostic Imaging Centers
Naval Air Warfare Ctr. Weapons	Point Mugu Nawc	Federal Government-National Security
Naval Construction Battalion	Point Mugu Nawc	Government Offices-U.S.
Ojai Valley Inn & Spa	Ojai	Inns
Oxnard College	Oxnard	Schools-Universities & Colleges Academic
Sheriff's Department-Jails	Ventura	Government Offices-County
Simi Valley City Manager	Simi Valley	Government Offices-City, Village & Twp.
Simi Valley Hospital	Simi Valley	Hospitals
St John's Regional Medical Ctr.	Oxnard	Hospitals
Ventura County Offices of Education	Camarillo	Schools

Source: California State Employment Development Department. This list of major employers was extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2017 1st Edition.

Per Capita Personal Income

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

TABLE NO. 2
PER CAPITA PERSONAL INCOME ⁽¹⁾
VENTURA COUNTY, STATE OF CALIFORNIA AND UNITED STATES
2011 – 2015

<u>Year</u>	<u>Ventura County ⁽¹⁾</u>	<u>State of California ⁽¹⁾</u>	<u>United States ⁽¹⁾</u>
2011	\$47,679	\$45,820	\$42,453
2012	49,430	48,312	44,267
2013	49,619	48,471	44,462
2014	51,539	50,988	46,414
2015	54,155	53,741	48,112

⁽¹⁾ Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2011-2015 reflect county population estimates available as of March 2016.

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

Last updated: November 17, 2016 - new estimates for 2015; revised estimates for prior years.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Taxable transactions by type of business for the County are summarized below for 2011 through 2015 (the most recent year for which full-year statistics are available).

TABLE NO. D-2
COUNTY OF VENTURA
TAXABLE TRANSACTIONS BY TYPE OF BUSINESS
(in thousands)
2011 – 2015

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u> ⁽¹⁾
<i>Retail and Food Services</i>					
Motor Vehicle and Parts Dealers	\$ 1,493,652	\$ 1,711,680	\$ 1,838,611	\$ 1,985,028	
Furniture and Home Furnishings Stores	174,600	182,384	194,787	205,148	
Electronics and Appliance Stores	289,812	278,023	284,528	292,429	
Bldg. Material, Garden Equip. and Supplies	599,430	641,660	684,286	718,975	
Food and Beverage Stores	530,624	548,619	573,416	586,114	
Health and Personal Care Stores	227,368	235,123	245,121	246,803	
Gasoline Stations	1,184,899	1,248,682	1,208,107	1,175,226	
Clothing and Accessories Stores	813,037	863,178	907,629	917,802	
Sporting Goods, Hobby, Books, Music Stores	281,467	287,960	296,249	294,158	
General Merchandise Stores	1,083,396	1,112,454	1,136,487	1,136,469	
Miscellaneous Store Retailers	275,014	282,115	301,383	304,445	
Nonstore Retailers	87,776	114,840	179,892	207,274	
Food Services and Drinking Places	<u>1,115,328</u>	<u>1,193,290</u>	<u>1,250,941</u>	<u>1,331,182</u>	
Total Retail and Food Services	8,156,403	8,700,008	9,101,437	9,401,053	\$ 9,615,370
<i>All Other Outlets</i>	<u>2,863,777</u>	<u>3,258,250</u>	<u>3,722,859</u>	<u>3,965,575</u>	<u>4,168,976</u>
Total All Outlets	<u>\$11,020,180</u>	<u>\$11,958,258</u>	<u>\$12,824,296</u>	<u>\$13,366,629</u>	<u>\$13,784,346</u>

⁽¹⁾ Beginning in 2015, the State Board of Equalization no longer publishes the Industry-level data.

Note: Detail may not compute to total due to rounding.

Source: California State Board of Equalization, "Taxable Sales in California."

Industry

The County of Ventura is located in the Oxnard-Thousand Oaks-Ventura Metropolitan Statistical Area (MSA). As of January 2017 six major job categories constitute 76.4% of the work force. They are service producing (16.0%), government (14.4%), educational and health services (14.3%), leisure and hospitality (11.6%), professional and business services (10.9%), and manufacturing (9.2%). The distribution of employment in the Oxnard-Thousand Oaks-Ventura MSA is presented in the following table.

TABLE NO. D-3
OXNARD-THOUSAND OAKS-VENTURA MSA
WAGE AND SALARY WORKERS BY INDUSTRY ⁽¹⁾
(in thousands)

<u>Industry</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Government	43.8	43.7	45.1	46.4	46.9
Other Services	9.4	9.7	9.6	9.4	9.7
Leisure and Hospitality	32.4	33.5	34.5	35.2	38.0
Educational and Health Services	39.3	40.6	41.8	43.3	46.8
Professional and Business Services	36.3	36.3	34.9	35.3	35.5
Financial Activities	19.1	19.0	18.0	17.3	17.5
Information	5.1	5.4	5.1	4.9	4.8
Transportation, Warehousing and Utilities	5.7	6.0	5.9	6.0	6.1
Service Producing					
Retail Trade	38.4	39.0	39.8	39.9	39.1
Wholesale Trade	12.5	12.9	12.5	12.8	13.2
Manufacturing					
Nondurable Goods	11.7	12.0	11.5	11.8	11.9
Durable Goods	18.1	18.2	18.7	18.7	18.4
Goods Producing					
Construction	12.2	13.1	13.8	13.9	14.9
Mining and Logging	<u>1.2</u>	<u>1.3</u>	<u>1.2</u>	<u>0.9</u>	<u>0.8</u>
Total Nonfarm	285.2	290.7	292.4	295.8	303.6
Farm	<u>24.2</u>	<u>25.1</u>	<u>25.3</u>	<u>22.7</u>	<u>23.0</u>
Total (all industries)	<u>309.4</u>	<u>315.8</u>	<u>317.7</u>	<u>318.5</u>	<u>326.6</u>

⁽¹⁾ Annually, as of January.

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

Source: State of California Employment Development Department, Labor Market Information Division, "Industry Employment & Labor Force - by month, March 2016 Benchmark."

As of February 2017 the civilian labor force for the County was approximately 430,600 of whom 410,300 were employed. The unadjusted unemployment rate as of February 2017 was 4.7% for the County. Civilian labor force, employment and unemployment statistics for the County, the State and the United States, for the years 2012 through 2016 are shown in the following table:

**TABLE NO. D-4
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
ANNUAL AVERAGES**

<u>Year</u>	<u>Civilian Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
<u>2012</u>				
Ventura County				
California	18,523,800	16,602,700	1,921,100	10.4
United States	154,975,000	142,469,000	12,506,000	8.1
<u>2013</u>				
Ventura County				
California	18,624,300	16,958,700	1,665,600	8.9
United States	155,389,000	143,929,000	11,460,000	7.4
<u>2014</u>				
Ventura County				
California	18,755,000	17,348,600	1,406,400	7.5
United States	155,922,000	146,305,000	9,617,000	6.2
<u>2015</u>				
Ventura County				
California	18,893,200	17,723,300	1,169,900	6.2
United States	157,130,000	148,834,000	8,296,000	5.3
<u>2016</u>				
Ventura County				
California	19,102,700	18,065,000	1,037,700	5.4
United States	159,187,000	151,436,000	7,751,000	4.9

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

APPENDIX E
FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the “Disclosure Agreement”), dated as of ____ 1, 2017, is by and between DAVID TAUSSIG & ASSOCIATES, INC. as dissemination agent (the “Dissemination Agent”), and the CASITAS MUNICIPAL WATER DISTRICT, (the “Water District”).

RECITALS:

WHEREAS, the Water District has issued, for and on behalf of the Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI) (the “District”), its 2017 Special Tax Bonds, Series A and 2017 Special Tax Bonds, Series B (collectively, the “Bonds”) in the initial principal amount of \$_____; and

WHEREAS, the Bonds have been issued pursuant to a Fiscal Agent Agreement, dated as of _____, 2017 (the “Fiscal Agent Agreement”), by and between U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”), and the Water District, for and on behalf of the District; and

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

AGREEMENT:

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

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

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

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

“*Disclosure Representative*” means the Finance Manager/Treasurer, or such person’s designee, or such other officer or employee of the Water District as the Water

District shall designate as the Disclosure Representative hereunder in writing to the Dissemination Agent from time to time.

“*Dissemination Agent*” means David Taussig & Associates, Inc. acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Water District and which has filed with the Water District a written acceptance of such designation.

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

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

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

“*Official Statement*” means the Official Statement, dated _____, 2017, relating to the Bonds.

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

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

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

Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report.* The Water District shall, or shall cause the Dissemination Agent to, not later than the March 1 occurring after the end of each fiscal year of the Water District, commencing with the report for the 2016-17 fiscal year, which is due not later than March 1, 2018, file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure

Agreement; provided that any audited financial statements of the Water District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

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

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

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

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

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

(a) *Financial Statements.* Audited financial statements of the Water District for the most recently completed fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Water District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

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

(i) The principal amount of Bonds Outstanding as of the September 30 next preceding the date of the Annual Report.

(ii) The balance in the Reserve Fund, and a statement of the Reserve Requirement, as of the September 30 next preceding the date of the Annual Report.

(iii) The total assessed value of all parcels within the District on which the Special Taxes are levied, as shown on the assessment roll of the County Assessor last equalized prior to the September 30 next preceding the date of the Annual Report, and a statement of assessed value-to-Bond lien ratios therefor, either by individual parcel or by categories, in a table similar to Table ___ in the Official Statement.

(iv) An update to Table ___ in the Official Statement using the most recently available County assessed values.

(v) An update to Table ___ in the Official Statement for the most recently completed fiscal year, and an update of prior years' delinquencies as of a date not more than ninety (90) days prior to the date of the Annual Report.

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

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

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

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

(d) *Further Information.* In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the Water District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Listed Events.

(a) *Reportable Events.* The Water District shall, or shall cause the Dissemination Agent (if not the Water District) to, give notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (4) Substitution of credit or liquidity providers, or their failure to perform.
- (5) Defeasances.
- (6) Rating changes.
- (7) Tender offers.
- (8) Bankruptcy, insolvency, receivership or similar event of the obligated person.
- (9) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

Note: For the purposes of the event identified in subparagraph (8), the event is considered to occur when any of the following occur: the appointment of a receiver, trustee or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) *Material Reportable Events.* The Water District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Non-payment related defaults.
- (2) Modifications to rights of security holders.

- (3) Bond calls.
- (4) The release, substitution, or sale of property securing repayment of the securities.
- (5) 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.
- (6) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) *Time to Disclose.* The Water District shall, or shall cause the Dissemination Agent (if not the Water District) to, file a notice of such occurrence with EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of any Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds under the Fiscal Agent Agreement.

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

Section 7. Termination of Reporting Obligation. The Water District's obligations under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 8. Dissemination Agent.

(a) *Appointment of Dissemination Agent.* The Water District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be David Taussig & Associates, Inc.

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

Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the Water District.

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

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

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Water District may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Water District that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Agreement may be waived, provided that all of the following conditions are satisfied:

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

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

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

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

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Water District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Water District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Water District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or future notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Water District to comply with any provision of this Disclosure Agreement, any Bond owner, any Beneficial Owner, the Fiscal Agent or the Participating Underwriter may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Water District to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the Water District to comply with this Disclosure Agreement shall be an action to compel performance.

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

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

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

CASITAS MUNICIPAL WATER DISTRICT

By: _____
Steve Wickstrum,

General Manager

DAVID TAUSSIG & ASSOCIATES, INC., as
Dissemination Agent

By: _____

Its: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: Casitas Municipal Water District

Name of Bond Issue: \$_____ Casitas Municipal Water District Community Facilities District
No. 2013-1 (OJAI), 2017 Special Tax Bonds

Date of Issuance: _____, 2017

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Bonds as required by Section ___ of the Fiscal Agent Agreement, dated as of _____, 2017, between the Obligor and U.S. Bank National Association, as fiscal agent. The Obligor anticipates that the Annual Report will be filed by _____.

Date: _____

By: David Taussig & Associates, Inc., as
Dissemination Agent

APPENDIX F

DTC AND THE BOOK ENTRY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the 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 such Internet site is not incorporated herein by reference.*

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

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

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

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s

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

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

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

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

BOND PURCHASE AGREEMENT

\$100,000
Casitas Municipal Water District
Community Facilities District
No. 2013-1 (OJAI)
2017 Special Tax Bonds, Series A

\$_____
Casitas Municipal Water District
Community Facilities District
No. 2013-1 (OJAI)
2017 Special Tax Bonds, Series B

_____, 2017

Casitas Municipal Water District
1055 North Ventura Avenue
Oak View, CA 93022
Attention: General Manager

Ladies and Gentlemen:

Piper Jaffray & Co. (the "Underwriter") offers to enter into this Bond Purchase Agreement (this "Agreement") with Casitas Municipal Water District (the "Issuer"), on behalf of its Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI) (the "District"), which, upon your acceptance of this offer, will be binding upon the Issuer and the Underwriter. Terms not otherwise defined herein have the meanings given them in the Fiscal Agent Agreement described below.

This offer is made subject to the acceptance by the Issuer of this Agreement on or before 11:59 p.m. on the date set forth above.

1. Upon the terms and conditions and in reliance upon the respective representations, warranties and covenants herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter, all (but not less than all) of the above-captioned bonds (the "Bonds") at a purchase price (the "Purchase Price") of \$_____ (equal to the par amount of the Bonds (\$_____) [*less/plus* original issue discount/premium of \$_____], *less* an Underwriter's discount of \$_____).

The Bonds will be issued in two series, designated "2017 Special Tax Bonds, Series A" (the "Series A Bonds") and "2017 Special Tax Bonds, Series B" (the "Series B Bonds") by the Issuer under the Mello-Roos Community Facilities Act of 1982 (constituting Section 53311 et seq. of the California Government Code) (the "Act") and Resolution No. ___ adopted on _____, 2017 (the "Bond Resolution") by the Board of Directors (the "Board") of the Issuer, acting as the legislative body of the District.

The Special Taxes to provide a source of payment for the Bonds (the "Special Taxes") will be levied under Ordinance No. 13-01, adopted by the Board on November 27, 2013 levying the Special Taxes within the District (the "Ordinance"). In addition to the Ordinance, the Board adopted Resolution No. 13-08 (Resolution of Intention) and Resolution No. 13-12 (Resolution of Formation) (together, the "Formation Resolutions") in connection with the initial formation of the District. Together, the Bond Resolution,

Formation Resolutions and Ordinance are referred to herein as the “Resolutions and the Ordinance.”

The Bonds will be issued under the terms of a Fiscal Agent Agreement (the “Fiscal Agent Agreement”), dated as of May 1, 2017, by and between the Issuer, on behalf of the District, and U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”). The proceeds of the sale of the Bonds will be used by the Issuer to (1) acquire water facilities from the Golden State Water Company (and/or its affiliates or related entities) serving property owners in the District, (2) complete improvements to such water facilities, (3) capitalize interest on the Series B Bonds through September 1, 2017, (4) fund a reserve fund for the Bonds, and (5) pay costs of issuing the Bonds. Proceeds of the Bonds will be applied in accordance with the Fiscal Agent Agreement.

The Issuer acknowledges and agrees that: (i) the primary role of the Underwriter is to purchase securities for resale to investors in an arms-length commercial transaction between the Issuer and the Underwriter and that the Underwriter has financial and other interests that differ from those of the Issuer, and in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent or fiduciary of the Issuer, (ii) the Underwriter is not acting as a municipal advisor (within the meaning of Section 15B of the Securities Exchange Act of 1934, as amended), financial advisor or fiduciary to the Issuer or any other person or entity and has not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and proceedings leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Issuer on other matters), (iii) the only obligations the Underwriter has to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Agreement, except as otherwise provided by applicable rules and regulations of the Securities and Exchange Commission or the rules of the MSRB or other law, and (iv) the Issuer has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate in connection with the transaction contemplated herein. The Issuer acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the MSRB.

2. The Bonds will mature on the dates and in the principal amounts, and will bear interest at the rates as set forth in Exhibit A hereto. The Underwriter agrees to make a bona fide public offering of all of the Bonds at the offering prices set forth on the cover of the Final Official Statement described below.

3. The Issuer agrees to deliver to the Underwriter as many copies of the Final Official Statement dated the date hereof, relating to the Bonds to each of its customers purchasing Bonds no later than the settlement date of the transaction.

In addition, the Issuer has authorized and approved the Preliminary Official Statement dated April __, 2017 (the “Preliminary Official Statement”) and the final Official Statement dated the date hereof (the “Final Official Statement”) and consents to their distribution and use by the Underwriter and the execution and approval of the Final Official Statement by a duly authorized officer of the Issuer. The Issuer deems such Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”), except for information allowed

by Rule 15c2-12 to be omitted, and has executed a certificate to that effect in the form of Exhibit D.

In connection with issuance of the Bonds, and in order to assist the Underwriter in complying with Rule 15c2-12, the Issuer will execute a Continuing Disclosure Agreement, dated as of _____ 1, 2017, between the Issuer and David Taussig & Associates, Inc., as dissemination agent (the "Continuing Disclosure Agreement"). The form of the Continuing Disclosure Agreement is attached as an appendix to the Final Official Statement.

4. The Issuer represents and warrants to the Underwriter that:
 - (a) The Issuer is duly organized and validly existing under the laws of the State of California (the "State"), and has the full legal right, power and authority, among other things, (i) upon satisfaction of the conditions in this Agreement and the Fiscal Agent Agreement, to issue the Bonds as provided herein, and (ii) to secure the Bonds in the manner contemplated in the Fiscal Agent Agreement.
 - (b) The Board has the full legal right, power and authority to adopt the Resolutions and the Ordinance, and the Issuer has the full legal right, power and authority (i) to enter into this Agreement, the Fiscal Agent Agreement, and the Continuing Disclosure Agreement (collectively, the "Issuer Documents"), (ii) to issue, sell and deliver the Bonds to the Underwriter as provided herein, and (iii) to carry out and consummate all other transactions on its part contemplated by the Final Official Statement and the Issuer Documents, and the Issuer and the Board have complied with all provisions of applicable law, including the Act, in all matters relating to such transactions.
 - (c) The Issuer has duly authorized (i) the execution and delivery by the Issuer of the Bonds and the execution, delivery and due performance by the Issuer of its obligations under the Issuer Documents, (ii) the distribution and use of the Preliminary Official Statement and execution, delivery and distribution of the Final Official Statement, and (iii) the taking of any and all such action as may be required on the part of the Issuer to carry out, give effect to and consummate the transactions on its part contemplated by such instruments. All consents or approvals necessary to be obtained by the Issuer in connection with the foregoing have been received, and the consents or approvals so received are still in full force and effect.
 - (d) The Resolutions and the Ordinance have been duly adopted by the Board and are in full force and effect; and the Issuer Documents, when executed and delivered by the Issuer and the other party thereto, will constitute a legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with their terms, except as enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally.

- (e) When delivered to the Underwriter, the Bonds will have been duly authorized by the Board and duly executed, issued and delivered by the Issuer and will constitute legal, valid and binding special obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, except as enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally, and will be entitled to the benefit and security of the Fiscal Agent Agreement.
- (f) The information (excluding information relating to The Depository Trust Company and its book-entry system) contained in the Preliminary Official Statement is, and as of the Closing Date such information in the Final Official Statement will be true and correct in all material respects, and the Preliminary Official Statement does not as of its date and the Final Official Statement will not as of the Closing Date contain any untrue or misleading statement of a material fact (excluding information relating to The Depository Trust Company and its book-entry system) or omit to state any material fact (excluding information relating to The Depository Trust Company and its book-entry system) necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.
- (g) If, at any time prior to the earlier of (i) receipt of notice from the Underwriter that the Final Official Statement is no longer required to be delivered under Rule 15c2-12 or (ii) the Closing (as described in Section 6 below), any event known to the officers of the Issuer participating in the issuance of the Bonds occurs with respect to the Issuer or the District as a result of which the Final Official Statement as then amended or supplemented might include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Issuer shall promptly notify the Underwriter in writing of such event. Any information supplied by the Issuer for inclusion in any amendments or supplements to the Final Official Statement will not contain any untrue or misleading statement of a material fact relating to the Issuer or the District or omit to state any material fact relating to the Issuer or the District necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.
- (h) Neither the adoption of the Resolutions and the Ordinance, the execution and delivery of the Issuer Documents, nor the consummation of the transactions on the part of the Issuer contemplated herein or therein or the compliance by the Issuer with the provisions hereof or thereof will conflict with, or constitute on the part of the Issuer, a violation of, or a breach of or default under, (i) any material indenture, mortgage, commitment, note or other agreement or instrument to which the Issuer or the District is a party or by which it is bound, (ii) any provision of the State Constitution or (iii) any existing law, rule, regulation, ordinance, judgment, order or decree to which the Issuer or the District (or the members of the Board or any of its officers in their respective capacities as such) is subject, that would have a material adverse affect on the ability of the Issuer to perform its obligations under the Issuer Documents.

- (i) The Issuer has never been in default at any time, as to principal of or interest on any obligation which it has issued, including those which it has issued as a conduit for another entity, which default may have an adverse effect on the ability of the Issuer to consummate the transactions on its part under the Issuer Documents, except as specifically disclosed in the Final Official Statement; and the Issuer has not entered into any contract or arrangement of any kind which might give rise to any lien or encumbrance on the Special Taxes.
- (j) Except as is specifically disclosed in the Final Official Statement, to the best knowledge of the Issuer, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending with respect to which the Issuer or the District has been served with process or threatened, which in any way questions the powers of the Board, the District or the Issuer referred to in paragraph (b) above, or the validity of any proceeding taken by the Board in connection with the issuance of the Bonds, or wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by the Issuer Documents, or which, in any way, could adversely affect the validity or enforceability of the Resolutions and the Ordinance, the Bonds or the Issuer Documents or, to the knowledge of the Issuer, which in any way questions the exclusion from gross income of the recipients thereof of the interest on the Bonds for federal income tax purposes or in any other way questions the status of the Bonds under State tax laws or regulations.
- (k) Any certificate signed by an official of the Issuer authorized to execute such certificate and delivered to the Underwriter in connection with the transactions contemplated by the Issuer Documents shall be deemed a representation and warranty by the Issuer to the Underwriter as to the truth of the statements therein contained.
- (l) The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.
- (m) The Bonds will be paid from Special Tax Revenues (as defined in the Fiscal Agent Agreement) received by the Issuer and amounts held in certain funds and accounts established and pledged under the Fiscal Agent Agreement.
- (n) The Special Taxes may lawfully be levied in accordance with the rate and method of apportionment of the Special Tax relating to the District (the "Rate and Method"), the Resolutions and the Ordinance as described in the Preliminary Official Statement and the Final Official Statement, and, when levied, will be secured by a lien on the property on which they are levied.
- (o) The Fiscal Agent Agreement creates a valid pledge of, and first lien upon the Special Tax Revenues deposited thereunder, and the amounts held in

certain funds and accounts established and pledged under the Fiscal Agent Agreement, subject in all cases to the provisions of the Fiscal Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein, including the payment of the Minimum Administrative Expense Requirement, as described in the Fiscal Agent Agreement.

- (p) Neither the District nor the Issuer has any prior undertakings under Rule 15c2-12.

5. The Issuer covenants with the Underwriter that the Issuer will cooperate with the Underwriter (at the cost of the Underwriter), in qualifying the Bonds for offer and sale under the securities or Blue Sky laws of such jurisdictions of the United States as the Underwriter may reasonably request; provided, however, that the Issuer shall not be required to consent to suit or to service of process, or to qualify to do business, in any jurisdiction. The Issuer consents to the use by the Underwriter of the Issuer Documents in the course of its compliance with the securities or Blue Sky laws of the various jurisdictions.

6. At 9:00 a.m. on May ____, 2017 (the "Closing Date") or at such other time and/or date as shall have been mutually agreed upon by the Issuer and the Underwriter, the Issuer will deliver or cause to be delivered to the Underwriter the Bonds in definitive form duly executed and authenticated by the Fiscal Agent together with the other documents mentioned in Section 8 hereof; and the Underwriter will accept such delivery and pay the Purchase Price of the Bonds by delivering to the Fiscal Agent for the account of the Issuer a check payable in federal funds or making a wire transfer in federal funds payable to the order of the Fiscal Agent.

The activities relating to the final execution and delivery of the Bonds and the Fiscal Agent Agreement and the payment therefor and the delivery of the certificates, opinions and other instruments as described in Section 8 of this Agreement shall occur at the offices of Rutan & Tucker, LLP, Costa Mesa, California, as bond counsel ("Bond Counsel"). The payment for the Bonds and simultaneous delivery of the Bonds to the Underwriter is herein referred to as the "Closing." The Bonds will be delivered as fully registered Bonds initially in denominations of \$5,000 each and any integral multiple thereof. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, and will be made available for checking by the Underwriter at such place as the Underwriter and the Fiscal Agent shall agree not less than 24 hours prior to the Closing.

7. The Underwriter has the right to cancel its obligations to purchase the Bonds if between the date hereof and the Closing Date:

- (a) the House of Representatives or the Senate of the Congress of the United States, or a committee of either, shall have pending before it, or shall have passed or recommended favorably, legislation introduced previous to the date hereof, which legislation, if enacted in its form as introduced or as amended, would have the purpose or effect of imposing federal income taxation upon revenues or other income of the general character to be derived by the Issuer or by any similar body under the Fiscal Agent Agreement or upon interest received on obligations of the

general character of the Bonds, or of causing interest on obligations of the general character of the Bonds, to be includable in gross income for purposes of federal income taxation, and such legislation, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Bonds; or

- (b) a tentative decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States, or legislation shall be favorably reported or re-reported by such a committee or be introduced, by amendment or otherwise, in or be passed by the House of Representatives or the Senate, or recommended to the Congress of the United States for passage by the President of the United States, or be enacted or a decision by a federal court of the United States or the United States Tax Court shall have been rendered, or a ruling, release, order, circular, regulation or official statement by or on behalf of the United States Treasury Department, the Internal Revenue Service or other governmental agency shall have been made or proposed to be made having the purpose or effect, or any other action or event shall have occurred which has the purpose or effect, directly or indirectly, of adversely affecting the federal income tax consequences of owning the Bonds, including causing interest on the Bonds to be included in gross income for purposes of federal income taxation, or imposing federal income taxation upon revenues or other income of the general character to be derived by the Issuer under the Fiscal Agent Agreement or upon interest received on obligations of the general character of the Bonds, or the Bonds and also including adversely affecting the tax-exempt status of the Issuer under the Code, which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of or market for the Bonds; or
- (c) legislation shall have been enacted, or actively considered for enactment with an effective date prior to the Closing, or a decision by a court of the United States shall have been rendered, the effect of which is that the Bonds, including any underlying obligations, or the Fiscal Agent Agreement, as the case may be, is not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or
- (d) a stop order, ruling, regulation or official statement by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds, including any underlying obligations, or the execution and delivery of the Fiscal Agent Agreement as contemplated hereby or by the Final Official Statement, is or would be in violation of any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as

amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

- (e) any event shall have occurred or any information shall have become known to the Underwriter which causes the Underwriter to reasonably believe that the Final Official Statement as then amended or supplemented includes an untrue statement of a material fact, or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and the Issuer fails to amend or supplement such Final Official Statement to cure such omission or misstatement under Section 4(g); or
- (f) there shall have occurred any outbreak of hostilities or any national or international calamity or crisis, including a financial crisis, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for or market price of the Bonds; or
- (g) there shall be in force a general suspension of trading on the New York Stock Exchange, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for or market price of the Bonds; or
- (h) a general banking moratorium shall have been declared by federal, New York or State authorities; or
- (i) any proceeding shall be pending or threatened by the Securities and Exchange Commission against the Issuer or the District; or
- (j) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which adversely affects the Underwriter's ability to sell the Bonds;
- (k) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;
- (l) an amendment to the federal or State constitution shall be enacted or action taken by any federal or State court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Issuer, its property, income or securities (or interest thereon), the validity or enforceability of the Special Tax or the ability of the Issuer to issue the Bonds and levy the Special Tax as contemplated by the Fiscal Agent Agreement, the Rate and Method, the Resolution of Formation, the Ordinance and the Final Official Statement; or

- (m) the entry of any order by a court of competent jurisdiction which enjoins or restrains the Issuer from issuing permits, licenses or entitlements within the District or which order, in the reasonable opinion of the Underwriter, otherwise materially and adversely affects development of the real property located in the District.

8. The obligation of the Underwriter to purchase the Bonds is subject (a) to the performance by the Issuer of its obligations to be performed by it hereunder at and prior to the Closing, (b) to the accuracy as of the date hereof and as of the time of the Closing of the representations and warranties of the Issuer herein, and (c) to the following conditions, including the delivery by the Issuer of such documents as are enumerated herein in form and substance satisfactory to the Underwriter:

- (a) At the time of Closing, (i) the Final Official Statement and the Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to by the Underwriter, and (ii) the Issuer shall have duly adopted and there shall be in full force and effect such resolutions and ordinances (including, but not limited to, the Resolutions and the Ordinance) as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby.
- (b) Receipt of the Bonds, executed by the Issuer and authenticated by the Fiscal Agent, at or prior to the Closing. The terms of the Bonds, when delivered, shall in all instances be as described in Final Official Statement.
- (c) At or prior to the Closing, the Underwriter shall receive the following documents in such number of counterparts as shall be mutually agreeable to the Underwriter and the Issuer:
 - (i) A final approving opinion of Bond Counsel dated the Closing Date in the form attached to the Final Official Statement.
 - (ii) A letter or letters of Bond Counsel addressed to the Underwriter, which includes a statement to the effect that Bond Counsel's final approving opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to the Underwriter, and further provides:
 - (A) the statements contained in the Final Official Statement on the cover page and under the captions "INTRODUCTION - Security for the Bonds," "INTRODUCTION - Description of the Bonds," "THE BONDS" (other than information relating to DTC and its book-entry only system and information in the section entitled "Annual Debt Service of Bonds", as to which no opinion need be expressed), "SECURITY FOR THE BONDS (except information mentioned in the section entitled "Special Taxes" as to which no opinion need be expressed)," and "TAX MATTERS," and in the form of Bond Counsel opinion attached thereto, excluding any material that may be treated as included under such captions by reference to other documents, insofar as such statements

expressly summarize certain provisions of the Fiscal Agent Agreement, the Bonds and Bond Counsel's final opinion are accurate in all material respects;

- (B) each of this Agreement and the Continuing Disclosure Agreement has been duly executed and delivered by, and constitutes a valid and binding obligation of, the Issuer, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting enforcement of creditors' rights in general and to the application of equitable principles if equitable remedies are sought; and
 - (C) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Fiscal Agent Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended.
- (iii) An opinion of Quint & Thimmig LLP, Larkspur, California, as disclosure counsel, addressed to the Issuer and the Underwriter ("Disclosure Counsel"), to the effect that during the course of serving as Disclosure Counsel in connection with the issuance of the Bonds and without having undertaken to determine independently or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Final Official Statement, no information came to the attention of the attorneys in such firm rendering legal services in connection with the issuance of the Bonds that would lead them to believe that the Final Official Statement (excluding therefrom the financial statements, any financial or statistical data, or forecasts, charts, numbers, estimates, projections, assumptions or expressions of opinion included in the Final Official Statement, information regarding DTC, and the appendices to the Final Official Statement, as to which no opinion need be expressed), as of the date thereof or the Closing Date, contains any untrue statement of a material fact or omits to state a material fact required 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.
 - (iv) An opinion of Jones Hall, a Professional Law Corporation, ("Underwriter's Counsel") addressed to the Underwriter, dated as of the Closing Date, and in form and substance acceptable to the Underwriter.
 - (v) The Final Official Statement executed on behalf of the Issuer by a duly authorized officer.
 - (vi) Executed copies of the Issuer Documents.
 - (vii) Certified copies of the Resolutions and the Ordinance.

- (viii) Evidence of recordation in the real property records of the County of Ventura of the Notice of Special Tax Lien, in the form required by the Act.
- (ix) A certificate in form and substance as set forth in Exhibit B hereto, of David Taussig & Associates, Inc., Newport Beach, California (“Special Tax Consultant”), dated as of the Closing Date.
- (x) A certificate, in form and substance as set forth in Exhibit C hereto, of the Issuer, dated as of the Closing Date.
- (xi) Evidence that Federal Form 8038 has been executed by the Issuer and will be filed with the Internal Revenue Service.
- (xii) A non-arbitrage certificate executed by the Issuer in form and substance satisfactory to Bond Counsel.
- (xiii) An executed copy of the Settlement Agreement and Release of Claims, and copy of the Stipulation for Judgment.
- (xiv) Evidence that the Bonds have been assigned a rating of “___” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, and that such rating has not been withdrawn or downgraded.
- (xv) An opinion, dated the Closing Date and addressed to the Underwriter, of Arnold, LaRochelle, Mathews, VanConas & Zirbel LLP, as general counsel to the Issuer, to the effect that:
 - (A) the District is duly organized and validly existing as a community facilities district under and by virtue of the Constitution and laws of the State (including the Act);
 - (B) the Board, acting as legislative body of the District, has the full legal right, power and authority to adopt the Resolutions and the Ordinance;
 - (C) the Resolutions and the Ordinance were duly adopted at meetings of the Board, acting as legislative body of the District which were called and held under law and with all public notice required by law and at which a quorum was present and acting throughout, and the Resolutions and the Ordinance are in full force and effect and have not been amended or repealed;
 - (D) to their best knowledge, based on reasonable due diligence, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body is pending with respect to which the Issuer has been served with process or threatened, in any way affecting the existence of the Issuer, the District or the titles of the Issuer’s officials to their respective offices, or seeking to restrain or to

enjoin the issuance, sale or delivery of the Bonds or the application of the proceeds thereof in accordance with the Fiscal Agent Agreement, or the collection or application of the Special Taxes to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Issuer Documents or any action of the Issuer contemplated by any of said documents, or in any way contesting the completeness or accuracy of the Final Official Statement or the powers of the Issuer or its authority with respect to the Bonds, the Issuer Documents or any action on the part of the Issuer contemplated by any of said documents, wherein an unfavorable decision, ruling, or finding could materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents;

(E) the execution and delivery of the Bonds and the Issuer Documents, and compliance with the provisions of each, will not conflict with or constitute a breach of or default under any loan agreement, note, ordinance, resolution, indenture, contract, agreement or other instrument of which the Issuer is a party or is otherwise subject or bound, a consequence of which could be to materially and adversely affect the ability of the Issuer to perform its obligations under the Bonds or the Issuer Documents; and

(F) all approvals, consents, authorization, elections and orders of filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the ability of the Issuer, to perform its obligations under the Bonds or the Issuer Documents, have been obtained or made, as the case may be, and are in full force and effect.

(xvi) In connection with printing and distribution of the Preliminary Official Statement, an executed certificate of the Issuer in the form attached hereto as Exhibit D.

(xvii) A certificate of the Fiscal Agent in the form attached hereto as Exhibit E, and an opinion of its counsel in form and substance satisfactory to the Underwriter and Bond Counsel.

(xviii) A certificate of Harrell & Company Advisors, LLC, the Issuer's municipal advisor, in the form and substance attached hereto as Exhibit F.

(xix) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter, Disclosure Counsel or Bond Counsel may reasonably request to evidence compliance by the Issuer with legal requirements, the truth and accuracy, as of the time of Closing, of the respective representations of the Issuer herein contained and the due performance or satisfaction by the Issuer at or

prior to such time of all agreements then to be performed and all conditions then to be satisfied.

If the Issuer is unable to satisfy the conditions to the obligations of the Underwriter contained in this Agreement, or if the obligations of the Underwriter to purchase and accept delivery of the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor the Issuer shall be under further obligation hereunder; except that the respective obligations to pay expenses, as provided in Section 11 shall continue in full force and effect.

9. The obligations of the Issuer to issue and deliver the Bonds on the Closing Date is subject, at the option of the Issuer, to the performance by the Underwriter of its obligations to be performed hereunder at or prior to the Closing Date.

10. All representations, warranties and agreements of the Issuer hereunder shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriter, the Issuer or the District and shall survive the Closing.

11. The Issuer shall pay or cause to be paid all reasonable expenses incident to the performance of its obligations under this Agreement, including, but not limited to, delivery of the Bonds, rating agency costs, costs of printing the Bonds, the Preliminary Official Statement and the Final Official Statement, any amendment or supplement to the Preliminary Official Statement or Final Official Statement and this Agreement, fees and disbursements of Bond Counsel and Disclosure Counsel, any financial advisor and other consultants engaged by the Issuer, including the fees and expenses of the special tax consultant and fees of the Fiscal Agent.

The Underwriter shall pay the California Debt Investment and Advisory Commission fee, all advertising expenses in connection with the public offering of the Bonds, and all other expenses incurred by it in connection with its public offering and distribution of the Bonds, including fees and expenses of its counsel, and fees and disbursements in connection with the qualification of the Bonds for sale under the securities or "Blue Sky" laws of the various jurisdictions and the preparation of "Blue Sky" memoranda.

12. Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing at its address set forth above, and any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same in writing to the following: Piper Jaffray & Co., 1100 South Coast Highway, Suite 300A, Laguna Beach, CA 92651, Attention: Katie A. Koster.

13. This Agreement is made solely for the benefit of the Issuer and the Underwriter (including the successors or assigns of the Underwriter) and no other person, including any purchaser of the Bonds, shall acquire or have any right hereunder or by virtue hereof.

14. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

15. This Agreement shall become effective upon acceptance hereof by the Issuer.

PIPER JAFFRAY & CO.

By: _____
Managing Director

Accepted _____, 2017, at ____ a.m./p.m.:

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

By: _____
Steven E. Wickstrum
General Manager

EXHIBIT A

\$100,000
Casitas Municipal Water District
Community Facilities District
No. 2013-1 (OJAI)
2017 Special Tax Bonds, Series A

\$ _____
Casitas Municipal Water District
Community Facilities District
No. 2013-1 (OJAI)
2017 Special Tax Bonds, Series B

Series A

\$100,000 ____% Serial Bond maturing September 1, 2017, Yield ____%, Price _____

Series B

<u>Maturity Date (Sept. 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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\$ _____ ____% Term Bond maturing September 1, 20____, Yield ____%, Price _____

\$ _____ ____% Term Bond maturing September 1, 2047, Yield ____%, Price _____

EXHIBIT B

\$100,000
Casitas Municipal Water District
Community Facilities District
No. 2013-1 (OJAI)
2017 Special Tax Bonds, Series A

\$ _____
Casitas Municipal Water District
Community Facilities District
No. 2013-1 (OJAI)
2017 Special Tax Bonds, Series B

CERTIFICATE OF SPECIAL TAX CONSULTANT

David Taussig & Associates, Inc. ("Special Tax Consultant"), Newport Beach, California was retained as Special Tax Consultant and assisted in the preparation of and has reviewed the Rate and Method of Apportionment of Special Tax (the "Rate and Method") set forth in Appendix C to the Official Statement dated _____, 2017 (the "Official Statement") relating to the above-referenced bonds (the "Bonds") being issued by Casitas Municipal Water District for its Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI). Based upon the Special Tax Consultant's review of the Official Statement and such other documents as it deems relevant in the circumstances, the Special Tax Consultant hereby certifies that the Special Tax, if collected in the maximum amounts permitted under the Rate and Method, after deducting the Minimum Administrative Expense Requirement each year, would generate at least 110% of the annual debt service on the Bonds, provided that the annual debt service figures on the attached debt service schedule, which were relied upon by Special Tax Consultant, are substantially true and correct.

No representation is made herein as to actual amounts of Special Tax that will be collected in future years.

All information with respect to the Rate and Method and all other information sourced to the Special Tax Consultant in the Official Statement is true and correct as of the date of the Official Statement and as of the date hereof, and a true and correct copy of the Rate and Method is attached to the Official Statement as Appendix C.

Dated: [Closing Date]

DAVID TAUSSIG & ASSOCIATES, INC.

By: _____

EXHIBIT C

\$100,000
Casitas Municipal Water District
Community Facilities District
No. 2013-1 (OJAI)
2017 Special Tax Bonds, Series A

\$ _____
Casitas Municipal Water District
Community Facilities District
No. 2013-1 (OJAI)
2017 Special Tax Bonds, Series B

ISSUER CLOSING CERTIFICATE

I, the undersigned, hereby certify that I am the _____ of the Casitas Municipal Water District (the "Issuer"), the Board of which is the legislative body for Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI), a community facilities district duly organized and existing under the laws of the State of California (the "State") and that as such, I am authorized to execute this Certificate on behalf of the Issuer in connection with the issuance of the above-referenced bonds (the "Bonds").

I hereby further certify on behalf of the Issuer that:

- (A) to my best knowledge, after reasonable inquiry, no litigation is pending with respect to which the Issuer has been served with process or threatened (1) to restrain or enjoin the issuance of any of the Bonds or the collection of Special Tax Revenues pledged under the Fiscal Agent Agreement; (2) in any way contesting or affecting the authority for the issuance of the Bonds or the validity or enforceability of the Bonds or the Issuer Documents; or (3) in any way contesting the existence or powers of the Issuer;
- (B) the representations and warranties made by the Issuer in the Bond Purchase Agreement dated _____, 2017, between the Issuer and Piper Jaffray & Co. (the "Agreement") are true and correct in all material respects on the Closing Date, with the same effect as if made on the Closing Date;
- (C) no event affecting the Issuer has occurred since the date of the Final Official Statement that, as of the Closing Date, would cause any statement or information contained in the Final Official Statement under the caption "LEGAL MATTERS – Absence of Litigation" to be incorrect or incomplete in any material respect or would cause the information contained under such caption in the Final Official Statement to contain an untrue statement of a material fact or omit to state a material fact necessary in order to make such statements therein, in the light of the circumstances under which they were made, not misleading;

- (D) as of the date hereof, the Issuer Documents are in full force and effect in accordance with their terms and have not been amended, modified or supplemented except in such case as may have been agreed to by the Underwriter; and
- (E) the Issuer has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied under the Issuer Documents prior to issuance of the Bonds.

Capitalized terms not defined herein shall have the same meaning set forth in the Agreement.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date herein below set forth.

Dated: [Closing Date]

CASITAS MUNICIPAL WATER
DISTRICT

By: _____
Authorized Representative

EXHIBIT D

\$100,000
Casitas Municipal Water District
Community Facilities District
No. 2013-1 (OJAI)
2017 Special Tax Bonds, Series A

\$ _____
Casitas Municipal Water District
Community Facilities District
No. 2013-1 (OJAI)
2017 Special Tax Bonds, Series B

I, the undersigned, hereby certify that I am the _____ of the Casitas Municipal Water District (the "Issuer"), the Board of which is the legislative body for Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI) (the "District"), a community facilities district duly organized and existing under the laws of the State of California (the "State") and that as such, I am authorized to execute this Certificate on behalf of the Issuer in connection with the issuance of the above-referenced bonds (the "Bonds").

I further hereby certify on behalf of the Issuer as follows:

- (1) This Certificate is delivered in connection with the offering and sale of the above-referenced bonds (the "Bonds") in order to enable the underwriter of the Bonds to comply with Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12").
- (2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, setting forth information concerning the Bonds, the Issuer and the District (the "Preliminary Official Statement").
- (3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters, all with respect to the Bonds.
- (4) The Preliminary Official Statement is, except for the Permitted Omissions, deemed final within the meaning of Rule 15c2-12.

IN WITNESS WHEREOF, I have hereunto set my hand as of _____, 2017.

CASITAS MUNICIPAL WATER DISTRICT

By: _____
Authorized Representative

EXHIBIT E

\$100,000
Casitas Municipal Water District
Community Facilities District
No. 2013-1 (OJAI)
2017 Special Tax Bonds, Series A

\$ _____
Casitas Municipal Water District
Community Facilities District
No. 2013-1 (OJAI)
2017 Special Tax Bonds, Series B

CERTIFICATE OF U.S. BANK NATIONAL ASSOCIATION

The undersigned hereby states and certifies that the undersigned is an authorized officer of U.S. Bank National Association, as fiscal agent (the "Fiscal Agent") under that certain Fiscal Agent Agreement, dated as of _____ 1, 2017 (the "Fiscal Agent Agreement"), between Casitas Municipal Water District, for and on behalf of Casitas Municipal Water District Community Facilities District No. 2013-1 (OJAI), and the Fiscal Agent, relating to the captioned bonds (the "Bonds") and as such, is familiar with the following facts and is authorized and qualified to certify the following facts on behalf of the Fiscal Agent:

- (1) The Fiscal Agent is duly organized and existing as a national banking association under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Fiscal Agent Agreement.
- (2) The Fiscal Agent Agreement has been duly authorized, executed and delivered by the Fiscal Agent and the Bonds have been authenticated by a duly authorized representative of the Fiscal Agent in accordance with the Fiscal Agent Agreement.
- (3) There is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending against the Fiscal Agent or threatened against the Fiscal Agent which in the reasonable judgment of the Fiscal Agent would affect the existence of the Fiscal Agent or in any way contesting or affecting the validity or enforceability of the Fiscal Agent Agreement or contesting the powers of the Fiscal Agent or its authority to enter into and perform its obligation under the Fiscal Agent Agreement.

Dated: [Closing Date]

U.S. BANK NATIONAL ASSOCIATION, as
Fiscal Agent

By _____

EXHIBIT F

\$100,000
Casitas Municipal Water District
Community Facilities District
No. 2013-1 (OJAI)
2017 Special Tax Bonds, Series A

\$ _____
Casitas Municipal Water District
Community Facilities District
No. 2013-1 (OJAI)
2017 Special Tax Bonds, Series B

CERTIFICATE OF MUNICIPAL ADVISOR

The undersigned hereby states and certifies as follows:

- (1) The undersigned is an authorized officer of Harrell & Company Advisors, LLC (the "Municipal Advisor"), which has acted as municipal advisor to Casitas Municipal Water District (the "Issuer") in connection with the issuance of the above-referenced bonds (the "Bonds"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same.
- (2) The Municipal Advisor has participated in the preparation of the Preliminary Official Statement dated _____, 2017 and the final Official Statement dated _____, 2017 (the "Official Statement") relating to the Bonds.
- (3) Nothing has come to the attention of the Municipal Advisor which would lead it to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

Dated: [Closing Date]

Harrell & Company Advisors, LLC,
as Municipal Advisor

By: _____
Suzanne Q. Harrell

MEMORANDUM

TO: Board of Directors
From: Steven E. Wickstrum, General Manager
RE: 2017 Casitas Water Supply and Demand Assessment
Date: April 20, 2017

1. **RECOMMENDATION**

It is recommended that the Board of Directors consider the content of the following assessment, ask questions and provide direction to staff. Such direction may include but not be limited to:

- 1) The continuation of the declaration that a Stage 3 condition exists in the Lake Casitas water supply; and
- 2) Continue the conservation penalty at \$5.00 per unit; and
- 3) Direction to staff to implement specific water conservation and demand reduction measures actions that are required to be taken by all Casitas customers.

2. **BACKGROUND**

In accordance with the direction provided in the Water Efficiency and Allocation Program, adopted June 10, 2015, specifically Section 5.2 entitled "*Water Resource Conditions and Actions*," the Board of Directors are to receive an assessment of local water supplies, water demands, and current effectiveness of water demand reduction measures. The information in the assessment may necessitate the consideration and direction from the Board of Directors for further actions to preserve water supply for the future.

3. **ASSESSMENT SUMMARY**

The assessment provided in this memorandum can be summarized by the following points:

- a) The Ventura River watershed has experienced a mild winter that provided several minor rain events that began to saturate a parched watershed, leading to one significant storm that produced a flash flood and receding surface flows in the Ventura River watershed. The annual rainfall total to date (October 1 to April 14, 2017) at Casitas Dam has recorded an annual rainfall of 30.75 inches and recorded 7.05 inches of rain during the mid-February peak storm.
- b) The Ventura River groundwater basin storage level has recovered to near full condition and a minimal surface flow (< 20cfs) by mid-April 2017. Groundwater pumpers have transitioned from the Lake Casitas supply back to the groundwater supply.
- c) The level of water stored in the Ojai Groundwater Basin has recovered to 65 percent of full capacity by mid-April 2017. It is anticipated that groundwater pumpers will be transitioning from the Lake Casitas supply back to the groundwater supply.

- d) Lake Casitas storage began fiscal year 2016-17 at 100,000 acre-feet (40%), declined to from a low storage volume of 89,290 acre-feet and then rebounded to a peak of 111,000 acre-feet in April 2017.
- e) The water storage level in Lake Casitas will decline to 100,000 acre-feet (40%) by October 2017.
- f) The Lake Casitas stored water level will continue to decline further until significant rainfall occurs in the future, and given no rain and depending upon the rate of water extraction, may attain minimum pool six years from the present condition, under the assumption of extreme drought during those future years.
- g) Water use in FY 2016-17 for Casitas classifications has declined dramatically during the last two years, as compared to water use in FY 2013-14.
- h) The Casitas customer water use in the first six months of FY 2016-17 has decrease 35 percent from that of the same months in FY 2013-14.
- i) Casitas implemented Stage 3 mandatory compliance of customers to an individual allocation assignment, strengthened public outreach to conserve water supplies, and implemented demand reduction measure with a conservation surcharge of \$5.00 per unit for exceedance of annual allocation assignment for all classifications.
- j) Growth is extremely slow as evidenced by the issuance of limited numbers of meters and allocations.

The assessments are to be considered in the implementation of a Stage and the demand reduction measures for FY 2017-18.

4. **ASSESSMENTS**

WEATHER CONDITIONS.

During the period of 2012 through 2016, the Ventura River watershed has been in an extreme drought condition with less than average rainfall amounts (Table 1) that have been insufficient to cause the restoration of local water resources. The average rainfall for the area is approximately 21 inches.

Table 1 – Rainfall Totals for Matilija Dam and Casitas Dam (inches)

Water Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Matilija Dam	33.62	16.56	36.54	40.28	14.21	11.85	14.76	17.57	13.35	31.98
Casitas Dam	26.19	14.82	31.13	35.99	15.11	10.99	9.90	11.65	11.07	30.75

The winter storms of FY 2016-17 could be described as small rainfall events that primed the dry watershed for the one significant storm of the season (7.04 inches at Casitas Dam) on February 17, 2017. The subsequent rainfall events of March and April were sufficient to create additional runoff from the watershed. By mid-April, the Ventura River had lost surface flow continuity.

The Climate Prediction Center/NCEP/NWS issued an April 13, 2017 discussion on the El Nino/Southern Oscillation (ENSO) that in summary stated “*In summary, ENSO-neutral conditions are favored to continue through at least the late Northern Hemisphere spring 2017, with increasing chances for El Nino development by late summer and fall*”.

WATER RESOURCES.

The primary water resources within the Casitas district boundaries are collectively the groundwater basins of the Ventura River, Ojai and Upper Ojai, and the surface water storage at Lake Casitas.

Groundwater Basins. The winter of 2017 brought recovery to the local groundwater basins within the Casitas district boundaries.

The Upper Ventura River groundwater storage levels began the 2017 water year at near historic low levels and recovered primarily due to the February 17th rainfall event. The Ventura River Water District has reported that their Baldwin Road wells have recovered from historic low of 82 feet below ground surface to 20 feet below ground surface, indicating a nearly full aquifer condition. By early March 2017, the key groundwater pumpers have moved from away from the Lake Casitas supply back to the groundwater source of supply.

The Ojai Basin groundwater storage recovered with a 70-foot rise in water elevation recorded at a key well in the basin. The Ojai Basin Groundwater Management Agency has reported that the Ojai basin has risen to approximately 63 percent capacity by mid-April 2017 and continuing to rise as more water drains from the watershed.

The Upper Ojai Basin, while having declined due to the lack of rainfall and infiltration during the current drought period, is in relatively good condition to continue to provide enough water to pumpers in the Upper Ojai.

Surface Water Storage. Lake Casitas is the primary source of water supply for the Casitas Municipal Water District, constructed in the 1950's as a supplemental supply to local groundwater and as a primary source for areas that do not have groundwater. Lake Casitas was last at a near full storage capacity (252,867 acre-feet) in May 2006. Since 2006, Lake Casitas storage has been in decline, as illustrated in Figure 1, due to drought conditions, evaporation, and water use. On January 4, 2017, Lake Casitas storage level declined to 89,290 acre-feet. The minor storms during January caused small rises in the Lake Casitas storage volume and primed the watershed. The storm of February 17th and subsequent inflow increased the Lake Casitas storage to 111,640 acre-feet.

Looking forward into FY 2017-18 and given the changes of Lake Casitas storage similar to that experienced in the spring and summer of 2016, Lake Casitas will decline to 100,000 acre-foot capacity by October 1, 2017, and continue to decline until the return of significant rainfall events.

At the time of this report, Casitas has not received the results of the sedimentation survey being performed for Lake Casitas. The survey could result in an adjustment to the Lake Casitas storage capacity and further consideration of surface water supply conditions.

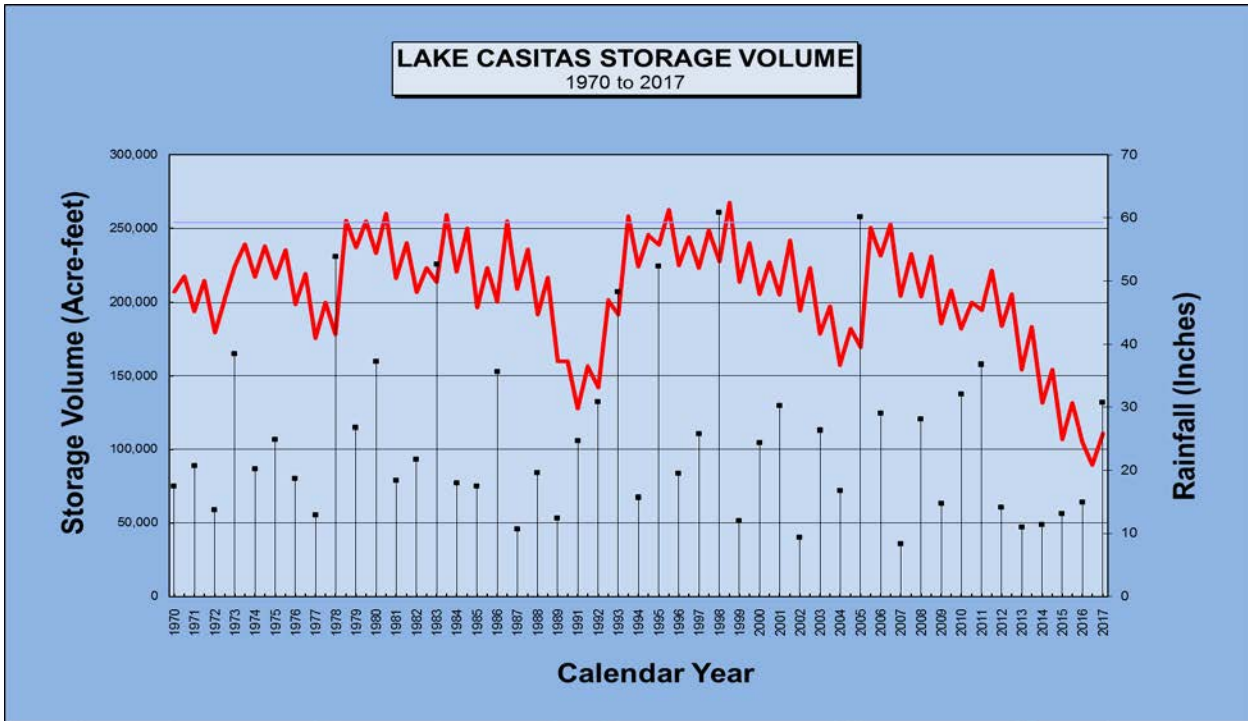


Figure 1 – Lake Casitas Storage Volume and Rainfall Trend (1970 to April 2017)

A critical question that has been asked many times is - How long will the Lake Casitas supply last before declining to a minimum pool condition? Figure 2 provides an estimated trend for Lake Casitas where hypothetically there are no inflows (surface flows or rainfall) in the future, assuming four variations to the annual water demand, and the application of the evaporation rate to the declining surface area of Lake Casitas. The answer to the minimum pool question, from the starting point of 106,000 acre-feet in storage, is approximately four to six years.

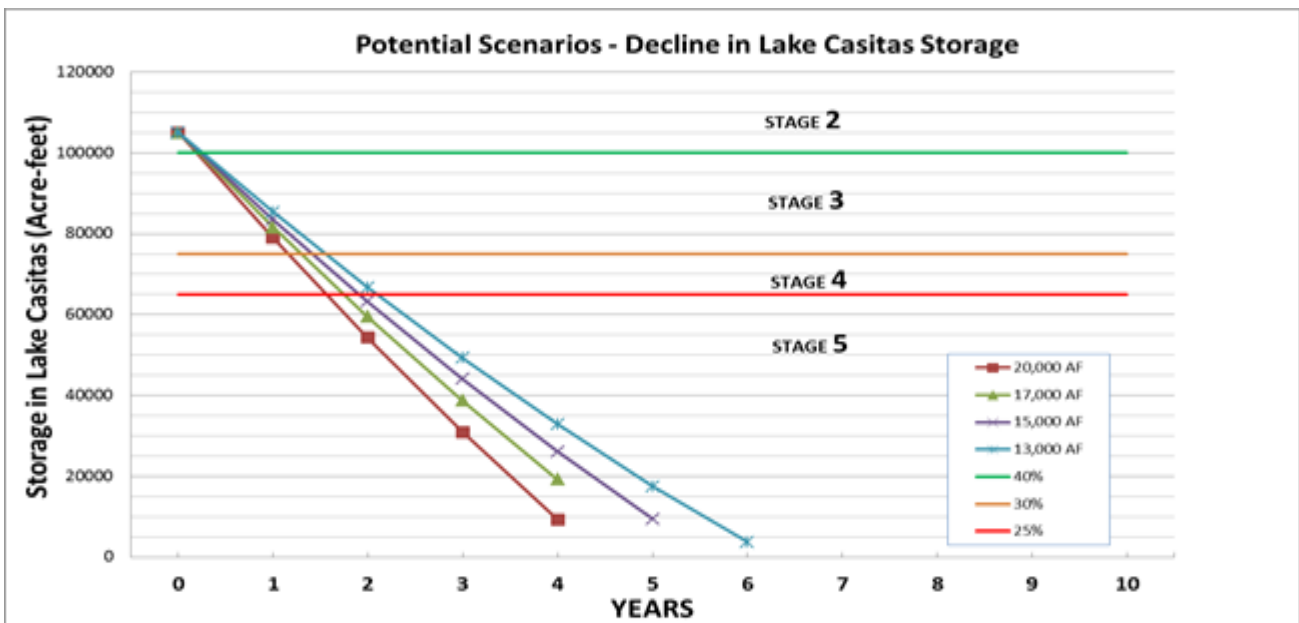


Figure 2 – Hypothetical Decline in Lake Casitas Storage

WATER USE.

In April 2014, the State issued its Drought Emergency Declaration that raise the public awareness to the on-going drought, the severe conditions in the State Water Project and Central Valley Project, and the growing scarcity of water for agriculture and communities. The Casitas water demands had approached the 20,800 acre-foot safe yield of Lake Casitas in 2013, the second consecutive dry year.

In April 2015, the Casitas Board of Directors declared that a Stage 2 condition existed for the Lake Casitas supply and initiated Stage 2 mandatory water demand reduction requirements with the further adoption of a revised Water Efficiency and Allocation Plan.

In June 2016, the Casitas Board of Directors declared that a Stage 3 condition exists as Lake Casitas declined to 100,000 acre-feet of water in storage. The Stage 3 declaration implemented a conservation surcharge of \$5.00 per unit and limited the available for new water use to 10 acre-feet.

Since 2014, the demand on the Lake Casitas supply has continued to decline (Table 2). Fiscal year 2015-16 water sales was 4,748 acre-feet less than that in FY 2013-14. The winter rains of 2017 will downgrade the water use projections for FY 2016-17 water sales to 13,000 acre-feet, or less.

Table 2 – Water Sales from the Lake Casitas Supply

Fiscal Year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17 (July-Feb)
Water Sales AF	14655	16106	19093	16746	14345	8212

Drought Water Demand Response. A critical function of the WEAP is to manage water supplies in such a manner that prevent Lake Casitas from reaching a minimum pool condition through the implementation of water demand response measures – the assignment of individual water allocations and the implementation of a conservation surcharge for water use in excess of the allocation.

The comparative data in Table 3 illustrates the customer classification water use response under the Stage 3 condition for the first six months of FY 2016-17. The comparison is limited to the six month period for which data is available and representative of recent events. Each of the listed six month periods experienced similar low rainfall totals and exhibit the water demand reduction resulting from the public outreach, the conservation surcharge, and the State’s declaration of a drought.

The urban classifications (Commercial, Interdepartmental, Fire, Other, and Residential) water demand for the first six months of FY 2016-17 have exceeded the State’s water conservation requirement to attain a 32 percent reduction. It should be recognized that Resale agencies also had similar water demand reductions in their service areas to meet the State’s conservation standards. The Resale Pumped demand on Lake Casitas is due to the temporary shift from inadequate groundwater supplies to the Lake Casitas supply. The public appears to have responded to the requests to conserve water.

Table 3 – Customer Classification Allocation Assignment and Water Use – Six-Month Comparison

Water Customer Classification	Annual Allocation (AF/YR)	FY 13-14 Jul-Dec (AF)	FY 16-17 Jul-Dec (AF)	Change FY 13-14 to FY 16-17 (AF)	% Change FY 13-14 to FY 16-17
Agriculture-Domestic	6732	3,068	2,474	-594	-19 %
Agriculture	3200	2,431	1,810	-621	- 26 %
Commercial	536	488	297	-191	- 39 %
Interdepartmental	100	85	38	-47	- 55 %
Fire	0	1	0	-1	- 100%
Industrial	54	11	8	-3	-27 %
Other	184	180	94	-86	- 48%
Residential	2290	1,066	585	-481	- 45 %
Resale Pumped	1846	889	987	98	11 %
Resale Gravity	5000	3,470	1,359	-2111	- 61 %
Temporary	0	46	11	-35	- 76 %
<u>Total</u>	20,142	11,735	7,661	-4,074	- 35 %

The District has been tracking the performance of the Residential classification relative to the monthly water allocation assignments for each individual residential account. In September 2015, and for the remainder of FY 2015-16, the residential water used in excess of the monthly allocation was billed as a conservation penalty at the rate of \$1.00 per unit. Effective July 1, 2016, the conservation penalty was increased to \$5.00 and the allocation reduced an additional 10 percent. Table 4 provides the monthly data for the residential classification and the impact of the conservation surcharge, and the changes made by the residential customers over time. Figure 3 illustrates the change when the conservation surcharge was increased to \$5.00 per unit.

For the remaining classifications an annual allocation approach was provided, with a Conservation Penalty that was billed in July 2016. The annual allocation was particularly important for the agricultural classification, initially set at \$0.25 per unit for FY 2015-16. The agricultural classification exceeded the allocation for FY 2015-16 by 440.6 acre-feet. For FY 2016-17, the annual allocation classifications will be assessed a conservation penalty of \$5.00 per unit and the allocations reduced by 10 percent. The over-allocation volume for annual classification accounts will not be determined until July 2017.

Table 4 – Residential Water Demand in Excess of Allocation Assignments – FY 2015-16

FY 2015-16 Month	Number of Residential Accounts	Number of Accounts with a Conservation Penalty	Over-Allocation (Units)	Residential Sales (Units)
July	2711	117	4353	46174
August	2711	144	6691	53321
September	2710	228	9936	55321
October	2707	407	13220	44867
November	2712	412	12628	44867
December	2701	368	10072	41832
January	2707	218	3339	29185
February	2705	368	6696	29185
March	2711	402	7602	30928
April	2712	121	3297	34848
May	2711	199	5540	42253
June	2710	239	8055	53143
TOTAL (Units)			91429	497891
TOTAL (AF)			210	1143
FY 2016-17 Month				
July	2715	174	6367	52708
August	2709	148	6379	50965
September	2709	228	8645	53143
October	2715	378	8350	38333
November	2710	258	4913	31799
December	2711	188	3215	27878

Note: 1 Unit = 748 gallons, 1 acre-foot = 435.6 Units

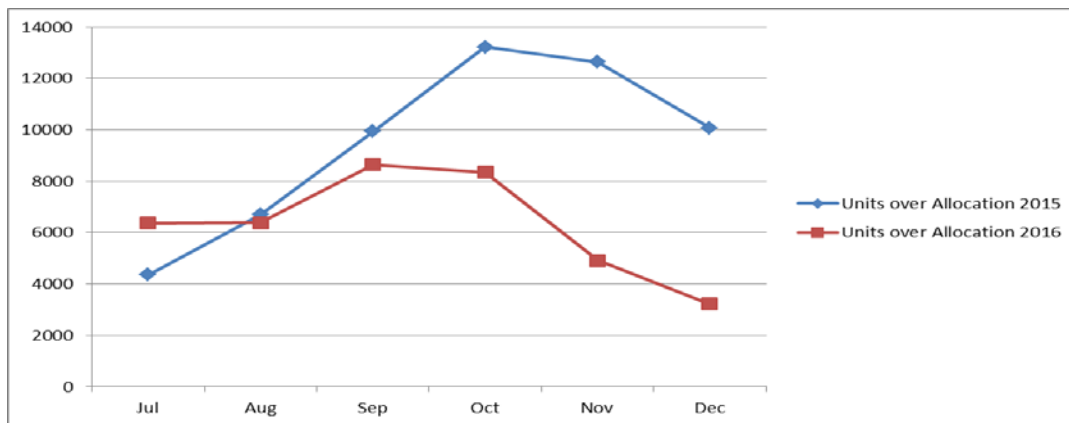


Figure 3 – Residential Response to the Increased Conservation Penalty

Revenue. The reduction in water demand with no change in water rates has resulted in a reduction in revenue. The Revenue and Expense Report for July 1, 2016 through January 31, 2017, indicates that water sales revenue is \$554,395 less than the same period in FY 2015-16.

Growth. The service area of the District is in extremely slow growth. Most requests that Casitas receives are related to expansions of residential housing construction. The slow growth rate is indicative of the information illustrated in Table 5. During the past six years, Casitas has installed fourteen meters and issued 20.48 acre-feet of water allocation. On the average of less than three meters per year have been installed, and minus the one issuance of an agricultural allocation, less than 2.5 acre-feet per year allocated to new or expanding water use. In 2017, Casitas has not installed any new water services and issued four small allocations to residential projects within two other water agency’s boundaries.

Table 5 – Water Service and Allocation Assignments by Casitas MWD (CY 2012-2015)

	No. of Meters Issued	Allocation Issued (AF)	Project types and expansions of existing allocations
2012	3	2.22	Three residential projects, one expansion of allocation
2013	1	1.88	One residential project, one expansion of allocation
2014	6	9.85	5 AF for one Agricultural parcel, five other residential projects and two expansions of allocation.
2015	1	1.27	One residential project in Ventura River Water District service area and one expansion of allocation
2016	3	2.08	Residential projects in Casitas (two) and Ventura River Water District (one).
2017	0	3.20	Residential projects in Meiners Oaks Water District (two) and Ventura River Water District (two).

5. RECOMMENDED WEAP ACTIONS

The WEAP lists in Table 6 a series of actions to be considered by the Board of Directors for implementation when transitioning to any Stage condition of Lake Casitas. A copy of the WEAP Table 6 is attached to the end of this memorandum. The following are assessments of the WEAP actions:

Communications.

- **Continue the Stage 3 Condition.** Even though Lake Casitas storage now exceeds the 100,000 acre-feet, the amount of water stored in Lake Casitas will decline to 100,000 acre-feet by October 2017 and continue to decline until winter rains return. The key to this action is the recognition that a Stage 3 condition is eminent and likely to occur and persist in the next fiscal year. The

continuation of to the Stage 3 condition is to be accomplished by a resolution of the Board of Directors. Stage 3 is identified as a condition in which a water shortage is eminent.

- **Expand and intensify public information campaign.** This will be challenging for Casitas in light of the Governor's action to declare the ending of the California drought. The view of Casitas has and always will be that the drought isn't over until Lake Casitas spills. The local resale agencies recognize that their water supplies are now replenished for two to three years, after which they may have to rely again on Lake Casitas under continuing drought conditions. Casitas needs to continue the messaging of local water supply reliability and responsible water use by all.
- **Provide regular briefings, publish monthly consumption report.** A part of this task is being accomplished by staff as a requirement of the State Water Resources Control Board. The billing system provides each customer a monthly status on their water use and the application of conservation surcharges.
- **Hire additional temporary staff in customer service, conservation, and water distribution for water waste enforcement.** This topic has been discussed among staff and there does not appear to be a need at this time for additional staffing. This could change and additional staffing justified.
- **Moratorium on new service connections.** Adhere to the Board's direction to limit the volume of water to be allocated to new service connections. Based on the Growth section above, an alternative to the complete moratorium, which is generally a temporary action, is to (1) limit the volume of allocation to be issued to 10 acre-feet per fiscal year, (2) require a non-refundable deposit of \$1,000 upon submittal of the application for the water meter service and/or allocation, and (3) apply \$800 of the non-refundable deposit toward the allocation fee, and (4) require the fees and water service agreement be completed within 60 days of notice of availability by the District.

Customer Demand Reduction Measures.

- **Continue with Stage 3 measures.** Water conservation is a way of life for the District's customers and the District should intensify the message that a water shortage is eminent. The enforcement of the Water Waste Prohibition Ordinance has continued and should continue into Stage 3 under the current system of public notification of waste. The system for allocation assignment and billing has now been implemented and should continue as Stage 3 through FY 2017-18.
- **Reduce water allocations.** Continue Stage 3 through FY 2017-18 with a 10 percent reduction of water demand from that required in Stage 2. If the water demand reduction measures are not being met during the course of FY 2017-18, make an additional adjustment to the allocations and/or change the conservation penalty.
- **Landscape watering restricted to one day per week.** Recommend the consideration of a change to an advisory one day per week. Casitas has heard from other local agencies that there is a difficulty in water systems meeting landscape irrigation water demands on one day a week basis. Casitas has also heard from landscape maintenance, parks, special facilities, and direct customers that this requirement is difficult to meet. The policy direction to be advisory would allow for coordination with other water agencies and provide guidelines that are easy for the customers to follow and straight forward for staff to enforce. The conservation penalty has a more rapid

impact if excessive outdoor watering occurs. If someone can stay within their allocation and water more than once a week, then perhaps they should be allowed to do so.

- **No landscape changes unless xeriscape.** This requirement will take some coordination with customers, County and City planning offices, and probably more restricted by the allocation assignments for the parcel.

Penalties and Rates.

- **Consider and implement Conservation Penalty for water use in excess of allocation.** Continue with the current conservation penalty of \$5.00 for each unit of water that is over the monthly allocation assignment for all c classifications of service. It is recommended to keep the conservation penalty at the same value for FY 2016-17 and change only if it is determined that water demand reduction is not being attained.
- **Consider rates for revenue stabilization and cost of service.** The Board will be considering water rates to achieve revenue stabilization and cost of service that will become effective July 1, 2017.

6. OTHER.

Alternate Water Resources.

- a) Continue to investigate the feasibility to construct the Matilija Formation Horizontal Bore project.
- b) Continue to work closely with the City of Ventura to determine the operational parameters and physical improvements needed to move State Water into western Ventura County.

7. POLICY AND PROGRAMS IN PLACE.

Resolution Adopting Management Priorities of Casitas Municipal Water District, Resolution No. 93-12. On March 10th, 1993, the Casitas Board of Directors resolved by Resolution No. 93-12 (1) that Casitas shall manage Lake Casitas and its water supplies so that it can provide back up to other water systems and meet its direct customer demands during droughts without running the lake dry.

Water Waste Prohibition Ordinance. (Casitas Ordinance 15-02). This Ordinance established water waste prohibitions and identified actions against violations of the Ordinance. Casitas staff has been actively engaged with the public reports of water waste.

Water Conservation Program. Since 1992, Casitas has actively assisted water customers throughout the district with fixture retrofits, irrigation surveys, residential and institutional water use surveys, provision of water conservation materials to local schools, public workshops and presentations on a wide variety of water conservation topics, public messaging, and financing assistance for water well improvements. The Water Conservation Program has partnered with other Ventura County agencies to obtain grants for additional water conservation measures.

Water Efficiency and Allocation Program (WEAP). The WEAP is the key water management tool for long-term drought response and water demand. The WEAP was originally adopted by the Board of Directors in January 1992 and recently revised in June 2015. The WEAP is the backbone to the

Casitas Urban Water Management Plan. A critical element of the WEAP implementation is to cause water demands to be commensurate to the declared Stage of Lake Casitas.

State of California. On April 7, 2017, Governor Brown lifted the January 17, 2014 drought declaration, leaving in place water waste prohibitions and requirements for continuing development of urban and agricultural water use standards to promote continued water conservation. (Executive Order B-40-17).

8. CONCLUSION.

On April 27, 2016, the Board of Directors declared that a Stage 3 condition exists at Lake Casitas and implement additional actions and measures pursuant to the Casitas Water Efficiency and Allocation Program. The Board further resolved that the Stage 3 water supply condition shall be presumed to continue unchanged unless and until a contrary finding is made by the Board by resolution or ordinance. The Board also set the conservation penalty for all classifications of water service to \$5.00 per unit during the Stage 3 declaration.

By the above assessments, the Board should:

- 1) Continue the Stage 3 water supply condition for the fiscal year of 2017-18.
- 2) The \$5.00 conservation penalty should continue during the Stage 3 water supply condition.
- 3) Direct staff to make a minor modification of the Water Efficiency and Allocation Program to make the number of allowable days for outdoor watering an advisory condition.

If there any questions in this regard, please do not hesitate to ask me.

Table 6 – Stage Actions and Water Demand Reduction Measures

Water Shortage Condition	Key Casitas Communications and Actions	Customer Demand Reduction Measures	Penalties And Rates
<p>Stage 1</p> <p>Supply Range 100% - 50%</p> <p>Demand Reduction 0%</p> <p>(80% of 1989 use)</p>	<ul style="list-style-type: none"> • Initiate public information and advertising campaign. • Publicize ways to reduce water consumption. • Coordinate conservation actions with other water purveyors and cities. • Perform water audits and promote water efficient use/conversions. • Conduct water workshops. • Temporary staffing for public inquiries, as needed. 	<ul style="list-style-type: none"> • Water conservation practices requested of all customer classifications. • Adhere to Water Waste Prohibition Ordinance. • Adhere to assigned water allocation or less. 	<ul style="list-style-type: none"> • Consider and implement Conservation Penalty for water use in excess of allocation. • Consider rates for revenue stabilization and cost of service.
<p>Stage 2</p> <p>Supply Range 50% - 40%</p> <p>Demand Reduction From Stage 1 Allocation 20%</p>	<ul style="list-style-type: none"> • Declare Stage 2 • Implement demand reductions for each customer classification. • Intensify public information campaign. • Optimize existing water resources. • Intensify leak detection. • Develop appeals staffing. • Consult with major customers to develop conservation plans and water use audits. 	<ul style="list-style-type: none"> • Continue all Stage 1 measures. • Landscape watering advised restricted to two (2) watering days per week. • Require water audits for large water users; implement recommendations of the water audits. • Businesses display “save water” signage. • Increase public information. 	<ul style="list-style-type: none"> • Consider and implement Conservation Penalty for water use in excess of allocation – response to reduced allocation. • Consider rates for revenue stabilization and cost of service.
<p>Stage 3</p> <p>Supply Range 40% - 30%</p> <p>Demand Reduction From Stage 1 Allocation 30%</p>	<ul style="list-style-type: none"> • Declare Stage 3 • Implement demand reductions for each customer classification. • Expand and intensify public information campaign. • Provide regular briefings, publish monthly consumption report. • Hire additional temporary staff in customer service, conservation, and water distribution. Water waste enforcement. • Moratorium on new service connections. 	<ul style="list-style-type: none"> • Continue with Stage 1 and 2 measures. • Reduced water allocations. • Landscape watering advised restricted to one (1) watering day per week. • No landscape changes unless xeriscape. 	<ul style="list-style-type: none"> • Consider and implement Conservation Penalty for water use in excess of allocation – response to reduced allocation. • Consider rates for revenue stabilization and cost of service.
<p>Stage 4</p> <p>Supply Range 30% - 25%</p> <p>Demand Reduction From Stage 1 Allocation 40%</p>	<ul style="list-style-type: none"> • Declare Stage 4 • Implement demand reductions for each customer classification. • Continue to provide regular media briefings. • Scale up appeals • Open drought information center. 	<ul style="list-style-type: none"> • Continue with Stage 1 through 3 measures. • Reduced water allocations. • Landscape watering advised restricted to one (1) watering day per week. • Implement restrictive Irrigation delivery schedule. • Minimal water for large landscapes. • Consider prohibition of filling swimming pools and fountains. • Implement restrictive Irrigation delivery schedule and quantities greater than 60%. 	<ul style="list-style-type: none"> • Consider and implement Conservation Penalty for water use in excess of allocation – response to reduced allocation. • Consider rates for revenue stabilization and cost of service.
<p>Stage 5</p> <p>Supply Range 25% - 0%</p> <p>Demand Reduction From Stage 1 Allocation 50%</p>	<ul style="list-style-type: none"> • Declare Stage 5 • Implement demand reductions for each customer classification. • Minimize outdoor water use and non-essential uses. • Implement aggressive public outreach and education program. • Implement crisis communications plan. • Coordinate with State and local agencies to address enforcement challenges. • Water Shortage Emergency declaration to be considered. 	<ul style="list-style-type: none"> • Continue with Stage 1 through 4 measures. • Reduced water allocations. • Rescind Temporary meters issued. • No turf irrigation. • Implement restrictive Irrigation delivery schedule and quantities greater than 50%. 	<ul style="list-style-type: none"> • Consider and implement Conservation Penalty for water use in excess of allocation – response to reduced allocation. • Consider rates for revenue stabilization and cost of service.

CASITAS MUNICIPAL WATER DISTRICT

Minutes
Executive Committee

DATE: April 20, 2017
TO: Board of Directors
FROM: General Manager, Steven E. Wickstrum

Re: Committee Meeting of April 14, 2017

RECOMMENDATION:

It is recommended that the Board of Directors receive and file this report.

MEETING:

1. **Roll Call.**
Director Russ Baggerly
Director Jim Word
Steve Wickstrum, General Manager
Michael Flood, Assistant General Manager
2. **Public Comments.**
None.
3. **Board/Manager comments.**
None.
4. **Review of Executive Order B-40-17 issued by Governor Brown and Actions by the State Water Resources Control.**
The committee reviewed and commented on Governor Brown's Executive Order B-40-17 rescinding the emergency drought proclamation of 2014 and the actions that the State will take to make conservation a way of California life. The drought remains critical for western Ventura County based on the status of Lake Casitas. The State is continuing to develop water use standards, water use reporting, and apply the water waste prohibitions.
5. **Review and consideration of changes to the Casitas Water Efficiency and Allocation Program.**
The committee considered minor changes to the Program that will be brought before the Board. The specific change is in relation to the number of days of landscape irrigation to be advisory.

CASITAS MUNICIPAL WATER DISTRICT

MINUTES Finance Committee

DATE: April 21, 2017
TO: Board of Directors
FROM: General Manager, Steve Wickstrum
Re: Finance Committee Meeting of April 21, 2017, at 1000 hours.

RECOMMENDATION:

It is recommended that the Board of Directors receive and file this report.

BACKGROUND AND OVERVIEW:

1. **Roll Call.**

Director Peter Kaiser and Director Jim Word
General Manager, Steve Wickstrum
Assistant General Manager, Michael Flood
Accounting Manager/Treasurer, Denise Collin
Municipal Advisor, Suzanne Harrell (teleconference)

2. **Public Comments.** None.

3. **Board/Management comments.**

The General Manager commented on recent news articles concerning Orville Dam spillway failure and the likelihood that all dams built in the 1960 era be inspected. This could include Casitas Dam.

The Committee was informed that Golden State Water Company has reported one leak on Grandview Avenue that could be considered as a cost to be credited under the Stipulated Agreement with Golden State Water Company.

4. **Review of the draft 1017/2018 Fiscal Year Budget.**

The Committee considered budget adjustments and the inclusion of the CFD operational costs and water revenues to the draft budget. The next step is to move the budget forward to the Board of Directors.

5. **Review of the draft 2017/2018 10 Year Capital Plan.**

The Committee reviewed the draft capital plan. There were no changes offered to the capital plan.

6. **Review of special Tax Bonds for CFD 2013-01 (Ojai).**

Suzanne Harrell, Municipal Advisor for Casitas, provided an overview and status concerning the CFD bonding. At such time as the bond rating and interest rate is determined, additional information will be publicly posted for the public that is interested in bond purchases and pre-payment of the bond debt. Suzanne Harrell is prepared to give a presentation to the Board on April 26th.

7. **Discussion regarding vehicle purchasing options.**

The Committee discussed various options to proceed with new vehicle purchases in-lieu of government contract that have closed for the year. Staff will proceed with discussions with fleet sales to investigate potential purchases of four trucks.

8. **Discussion regarding meter purchasing and contracting options for CFD 2013-01 (Ojai).**

The Committee discussed the direction to replace meters in the Communities facilities district

2013-01 as a first corrective action to integrate the Ojai system into the Casitas system. Staff have prepared a bid proposal for installation of the new meters and have investigated the availability of the new meters with the local vendor. This work could be scheduled for July-August 2017 if the contracts could be approved in advance of the final transfer of the water system. It was noted that the current meter system is hand-read over a two month period, with bi-monthly billing. Casitas' system customer meters are read in one day and billed monthly with a significant efficiency and savings of labor costs and lost water.

9. **Review of the Financial Statements for February 2017.**

The Committee reviewed the financial statements. Noted that water revenues are reflecting the low consumption in the first half of FY 2016-17 and that Recreation revenues are higher than last year.

10. **Review of the February 2017 Consumption Report.**

The Committee commented on the continued low level of water consumption for January and February 2017.

**CASITAS MUNICIPAL WATER DISTRICT
TREASURER'S MONTHLY REPORT OF INVESTMENTS
04/19/17**

Type of Invest	Institution	CUSIP	Date of Maturity	Adjusted Cost	Current Mkt Value	Rate of Interest	Date of Deposit	% of Portfolio	Days to Maturity
*TB	Federal Farm CR Bank	3133EGZW8	10/25/2024	\$833,918	\$805,996	2.014%	10/25/2016	4.04%	2706
*TB	Federal Farm CR Bank	31331VWN2	4/13/2026	\$920,638	\$877,963	1.901%	5/9/2016	4.40%	3234
*TB	Federal Farm CR Bank	3133EFK71	3/9/2026	\$853,474	\$840,067	2.790%	3/28/2016	4.21%	3200
*TB	Federal Farm CR Bank	3133EFYH4	2/8/2027	\$1,014,733	\$994,490	3.000%	3/24/2016	4.99%	3529
*TB	Federal Farm CR Bank	3133EGWD	9/29/2027	\$694,629	\$664,244	2.354%	11/17/2016	3.33%	3760
*TB	Federal Home Loan Bank	3130A3DL	9/8/2023	\$1,580,949	\$1,526,655	1.486%	10/13/2016	7.65%	2299
*TB	Federal Home Loan Bank	313379EE5	6/14/2019	\$1,364,298	\$1,358,546	1.625%	10/3/2012	6.81%	775
*TB	Federal Home Loan Bank	3130A0EN	12/10/2021	\$539,862	\$523,035	1.107%	5/9/2016	2.62%	1671
*TB	Federal Home Loan Bank	3130A5R35	6/13/2025	\$766,990	\$739,946	2.875%	2/19/2016	3.71%	2934
*TB	Federal Home Loan Bank	313383YJ4	9/8/2023	\$470,224	\$447,636	1.203%	7/14/2016	2.24%	2299
*TB	Federal Home Loan Bank	3130AIXJ2	6/14/2024	\$932,821	\$885,535	2.875%	8/2/2016	4.44%	2575
*TB	Federal Home Loan Bank	3133XFKF	6/11/2021	\$653,038	\$647,976	5.625%	1/16/2013	3.25%	1492
*TB	Federal Home Loan MTG Corp	3137EABA	11/17/2017	\$1,021,418	\$1,023,560	5.125%	1/3/2012	5.13%	208
*TB	Federal Home Loan MTG Corp	3137EADB	1/13/2022	\$675,918	\$681,523	2.375%	9/8/2014	3.42%	1704
*TB	Federal National Assn	31315P2J7	5/1/2024	\$800,501	\$762,243	1.721%	5/1/2016	3.82%	2532
*TB	Federal National Assn	3135G0ZR	9/6/2024	\$1,478,564	\$1,440,575	2.625%	5/25/2016	7.22%	2657
*TB	Federal National Assn	3135G0K3	4/24/2026	\$2,530,206	\$2,437,225	2.125%	5/25/2016	12.22%	3245
*TB	US Treasury Inflation Index NTS	912828JE1	7/15/2018	\$1,135,338	\$1,160,664	1.375%	7/6/2010	5.82%	446
*TB	US Treasury Inflation Index NTS	912828MF	1/15/2020	\$1,134,941	\$1,182,174	1.375%	11/18/2015	5.93%	986
*TB	US Treasury Note	912828WE	11/15/2023	\$768,489	\$802,982	2.750%	12/13/2013	4.03%	2366
Accrued Interest					\$146,096				
Total in Gov't Sec. (11-00-1055-00&1065)				\$20,170,950	\$19,949,130			99.98%	
Total Certificates of Deposit: (11.13506)				\$0	\$0			0.00%	
**	LAIF as of: (11-00-1050-00)		N/A	\$451	\$451	0.78%	Estimated	0.00%	
***	COVI as of: (11-00-1060-00)		N/A	\$2,859	\$2,859	0.78%	Estimated	0.01%	
TOTAL FUNDS INVESTED				\$20,174,260	\$19,952,441			100.00%	
Total Funds Invested last report				\$20,177,850	\$19,799,293				
Total Funds Invested 1 Yr. Ago				\$19,146,835	\$19,515,217				
****	CASH IN BANK (11-00-1000-00) EST.			\$3,962,177	\$3,962,177				
	CASH IN Western Asset Money Market			\$9	\$9	0.01%			
TOTAL CASH & INVESTMENTS				\$24,136,446	\$23,914,627				
TOTAL CASH & INVESTMENTS 1 YR AGO				\$23,239,845	\$23,608,226				

- *CD CD - Certificate of Deposit
- *TB TB - Federal Treasury Bonds or Bills
- ** Local Agency Investment Fund
- *** County of Ventura Investment Fund
- Estimated interest rate, actual not due at present time.
- **** Cash in bank

No investments were made pursuant to subdivision (i) of Section 53601, Section 53601.1 and subdivision (i) Section 53635 of the Government Code.
All investments were made in accordance with the Treasurer's annual statement of investment policy.