

**CALL AND NOTICE OF REGULAR MEETING OF
THE BOARD OF DIRECTORS OF
CALLEGUAS – LAS VIRGENES PUBLIC FINANCING AUTHORITY**

May 22, 2012

A Regular Meeting of the Board of Directors of Calleguas – Las Virgenes Public Financing Authority is hereby called and notice of said Regular Meeting is hereby given for 4:30 p.m. on Tuesday, May 22, 2012 at Las Virgenes Municipal Water District, 4232 Las Virgenes Road, Calabasas 91302, to consider the following:

**CALLEGUAS – LAS VIRGENES PUBLIC FINANCING AUTHORITY
BOARD OF DIRECTORS MEETING AGENDA**

- A. CALL TO ORDER AND ROLL CALL (4:30 p.m.)
- B. ORAL COMMUNICATION

MEMBERS OF THE PUBLIC MAY ADDRESS THE BOARD ON ITEMS THAT DO NOT APPEAR ON THE AGENDA, AND ON ITEMS WITHIN THE JURISDICTION OF THE BOARD. NO ACTION SHALL BE TAKEN ON ANY ITEM NOT APPEARING ON THE AGENDA UNLESS AUTHORIZED BY SUBDIVISION (B) OF GOVERNMENT CODE SECTION 54954.2. THE PRESIDENT OF THE BOARD MAY LIMIT THE TIME AVAILABLE FOR EACH SUBJECT AND EACH SPEAKER.

- C. REGULAR BUSINESS

- 1. Discussion regarding adoption of Resolution No. 12, authorizing and directing execution of escrow instructions for the refunding of the Authority's 2003B Revenue Bonds.
Action: It is recommended that the Authority Board adopt proposed Resolution No. 12.

- D. OTHER BUSINESS
- E. ADJOURNMENT

PURSUANT TO SECTION 202 OF THE AMERICANS WITH DISABILITIES ACT OF 1990 (42 U.S.C. SEC. 12132), AND APPLICABLE FEDERAL RULES AND REGULATIONS REQUESTS FOR DISABILITY-RELATED MODIFICATION OR ACCOMMODATION, INCLUDING AUXILIARY AIDS OR SERVICES, IN ORDER TO ATTEND OR PARTICIPATE IN A MEETING, SHOULD BE MADE TO THE SECRETARY OF THE BOARD IN ADVANCE OF THE MEETING TO ENSURE THE AVAILABILITY OF THE REQUESTED SERVICE OR ACCOMMODATION. NOTICES, AGENDAS AND PUBLIC DOCUMENTS RELATED TO THE BOARD MEETINGS CAN BE MADE AVAILABLE IN APPROPRIATE ALTERNATIVE FORMAT UPON REQUEST.

By Order of the Board of Directors


William R. Seaver, President

C: Each Director



Memorandum

Date: May 15, 2012

To: Board of Directors, Calleguas-Las Virgenes Public Financing Authority

From: Susan B. Mulligan
General Manager
Calleguas Municipal Water District

Susan B. Mulligan

RE: Adoption of Resolution No. 12, authorizing and directing execution of escrow instructions for the refunding of the Authority's 2003 B Revenue Bonds

In 2003, the Calleguas-Las Virgenes Public Financing Authority ("Authority") issued its Refunding Revenue Bonds, 2003 Series B (the "Prior Obligations"). The Prior Obligations are secured solely by installment payments to be made by the Calleguas Municipal Water District ("Calleguas") pursuant to an Installment Purchase Agreement, dated March 1, 2003, and amended on April 1, 2003 between Calleguas and the Authority. In order to reduce the cost of interest on the bonds, Calleguas staff is pursuing the refunding of the Prior Obligations through the issuance of refunding bonds directly by Calleguas.

The resolution before the Authority Board relates to approval of Escrow Instructions between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee and escrow agent for the Prior Obligations. The Resolution approves the form of the Escrow Instructions. The Escrow Instructions direct the Trustee for the Prior Obligations to redeem all the outstanding Prior Obligations on July 1, 2013 (the first available redemption date) following issuance of refunding bonds by Calleguas. Proceeds of the refunding bonds will be deposited in an account to pay principal and interest on the Prior Obligations until that date, and the redemption price of the Prior Obligations on that date. (If market conditions are favorable for forward delivery obligations, the refunding bonds may be structured accordingly, in which case the proceeds would not be available until approximately April 2013. In that case, Calleguas would continue to make Installment Payments under the 2003 Installment Purchase Agreement until that time.)

Calleguas staff requests that the Authority Board adopt proposed Resolution No. 12 authorizing and directing execution of Escrow Instructions for the refunding of the Authority's 2003 B Revenue Bonds. The Authority will have no other responsibility in connection with the proposed refunding.

Calleguas' bond counsel, Jeff Stava of Nossaman LLP, will be present at the meeting to respond to questions or requests for additional information.

RESOLUTION NO. 12

A RESOLUTION OF THE CALLEGUAS-LAS VIRGENES PUBLIC FINANCING AUTHORITY AUTHORIZING AND DIRECTING EXECUTION OF ESCROW INSTRUCTIONS AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO

WHEREAS, the Calleguas-Las Virgenes Public Financing Authority (the "Authority") is a joint powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement dated as of April 30, 1993, between the Las Virgenes Municipal Water District ("Las Virgenes") and the Calleguas Municipal Water District (the "the District"), and under the provisions of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California (the "Act"), and is authorized pursuant to Article 4 of the Act to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of the District to provide financing and refinancing for public capital improvements of the District; and

WHEREAS, the Authority, for the benefit of the District, has previously issued its Calleguas-Las Virgenes Public Financing Authority Refunding Revenue Bonds, 2003 Series B (Calleguas Municipal Water District Project) (the "Prior Obligations"); and

WHEREAS, the District has determined that it is in the interests of the District at this time to provide for the refinancing of the Prior Obligations.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE CALLEGUAS-LAS VIRGENES PUBLIC FINANCING AUTHORITY, AS FOLLOWS:

Section 1. Approval of Escrow Instructions. The form of Escrow Instructions (the "Escrow Instructions"), between the Authority and The Bank of New York Mellon Trust Company, N.A., acting as escrow agent, and consented to by the District, as presented to this meeting is hereby approved. Each Board member or the duly appointed officers of the Authority, or their respective designated representatives (each, an "Authorized Officer"), is hereby authorized and directed, for and on behalf of the Authority, to execute, acknowledge and deliver the Escrow Instructions, in substantially the form presented to this meeting, with such changes therein as such Authorized Officer may require or approve, with the advice and approval of Nossaman LLP, the District's bond counsel ("Bond Counsel"), such approval to be conclusively evidenced by the execution and delivery thereof.

Section 2. Official Action. The officers and staff of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority,

to do any and all things and take any and all actions, which they, or any of them, may deem necessary or advisable in order to consummate the purpose of this Resolution.

Section 3. Effective Date. This Resolution shall take effect immediately upon adoption.

PASSED, ADOPTED AND APPROVED by the Board of Directors of the Calleguas-Las Virgenes Public Financing Authority at a regular Board Meeting held on May 22, 2012 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

William R. Seaver, President
Board of Directors
Calleguas-Las Virgenes Public Financing Authority

ATTEST:

Joseph M. Bowman, Vice-President
Board of Directors
Calleguas-Las Virgenes Public Financing Authority

VICE-PRESIDENT'S CERTIFICATE

The undersigned, Vice-President of the Board of Directors of the Calleguas-Las Virgenes Public Financing Authority, hereby certifies as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Directors duly called and held on May 22, 2012, at which meeting all of the members of said Board of Directors had due notice and at which a majority thereof was present.

Dated: May 22, 2012

Joseph M. Bowman, Vice-President
Board of Directors
Calleguas-Las Virgenes Public Financing Authority

ESCROW INSTRUCTIONS

from the

CALLEGUAS-LAS VIRGENES PUBLIC FINANCING AUTHORITY

to

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

Dated for reference purposes as of June 1, 2012

ESCROW INSTRUCTIONS

These Escrow Instructions, dated for reference purposes as of June 1, 2012 (the “Instructions”), are provided by the Calleguas-Las Virgenes Public Financing Authority (the “Authority”) in connection with the issuance of the Calleguas Municipal Water District Water Revenue Refunding Bonds, Series 2013A (the “Bonds”), to The Bank of New York Mellon Trust Company, N.A., as escrow agent hereunder (the “Escrow Agent”) and as trustee (the “2003 Trustee”) pursuant to an Indenture of Trust, dated as of March 1, 2003, as amended by a First Supplemental Indenture of Trust, dated as of April 1, 2003 (collectively, the “2003 Indenture”), between the Authority and the 2003 Trustee. The 2003 Indenture was executed in connection with the Authority’s Refunding Revenue Bonds, 2003 Series B (Calleguas Municipal Water District Project), originally issued in the principal amount of \$52,700,000, of which \$_____ remain outstanding (the “Prior Obligations”) and which will be refunded by proceeds of the Bonds. The Prior Obligations are secured by certain Installment Payments to be paid by the Calleguas Municipal Water District (the “District”) pursuant to an Installment Purchase Agreement, dated as of March 1, 2003, as amended by a First Amendment to Installment Purchase Agreement, dated as of April 1, 2003 (collectively, the “2003 Installment Purchase Agreement”) between the District and the Authority. The District and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”) have executed that certain indenture of trust, dated as of June 1, 2012 (the “Indenture”) in connection with the issuance of the Bonds.

RECITALS

A. Pursuant to the 2003 Indenture, the Authority authorized the issuance and delivery of the Prior Obligations. Payment of principal of and interest on the Prior Obligations is secured by a pledge of the Installment Payments, and certain other funds made available as provided in the Indenture.

B. The 2003 Indenture provides that the Authority may secure payment of the Prior Obligations prior to their due dates if there shall have been deposited with the Escrow Agent either (i) money in an amount which shall be sufficient, or (ii) non-callable direct obligations of the United States, or bonds or other obligations the principal of and interest on which are fully and unconditionally guaranteed by the United States of America (“Federal Securities”) the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Escrow Agent at the same time, shall be sufficient to pay when due the Prior Obligations until the maturity or prepayment date of the Prior Obligations.

C. Pursuant to the Indenture, \$_____ aggregate principal amount of the Bonds have been issued by the District. A portion of the proceeds of the sale of the Bonds is being transferred to the Escrow Agent to be applied for the purpose of providing funds which will be sufficient, together with (i) certain investment earnings thereon, and (ii) other available funds, to provide for the termination of the pledge of and lien created by the 2003 Indenture and the 2003 Installment Purchase Agreement.

I. Instructions to the Escrow Agent.

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

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

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

The Escrow Agent shall purchase, on _____, 2013, with the cash deposited into the Escrow Fund, the securities listed on Schedule A hereto (the “Escrowed Securities”) and shall hold such securities in the Escrow Fund, subject to the provisions of Article IV hereof. The remaining amount of \$_____ shall be held uninvested by the Escrow Agent.

1.3 Payments with Respect to the Prior Obligations.

A. The Escrow Agent shall transfer from the Escrow Fund, in immediately available funds, to the 2003 Trustee for deposit in the Bond Service Fund created by the 2003 Indenture (i) on July 1 and January 1 of each year, commencing July 1, 2012, an amount equal to the payment which would have then been due under the 2003 Indenture for payment of the Prior Obligations through and including July 1, 2013, and (ii) on July 1, 2013, amounts sufficient to pay the principal maturity and premium of all Prior Obligations maturing after July 1, 2013. The Authority hereby irrevocably designates the Prior Obligations maturing on July 1, 2014 through 2021, inclusive, for prior prepayment on July 1, 2013, and hereby irrevocably instructs the 2003 Trustee to give the mailed notice of prepayment as provided in the 2003 Indenture and the notice of defeasance as provided in Section 1.6 hereof.

B. Transfers from the Escrow Fund shall be made only from scheduled payments of principal and interest received by the Escrow Agent with respect to the securities listed on Schedule A hereto, and the earnings on any investment of such scheduled payments. Under no circumstances shall the Escrow Agent sell, transfer, liquidate or redeem prior to maturity the securities listed on Schedule A hereto unless the Escrow Agent shall first have received an unqualified opinion from nationally recognized bond counsel to the effect that such sale, transfer, liquidation or prepayment would not, in and of itself, (a) cause the Prior Obligations or the Bonds to become arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder in effect at the time of such proposed sale, transfer, liquidation or prepayment or (b) adversely affect the conclusions expressed in the supplemental opinion of such firm rendered to the underwriter of the Bonds to

the effect that upon making the deposits into the Escrow Fund the lien and pledge of the 2003 Indenture, as it applies to the Prior Obligations, was defeased (the “Defeasance Opinion”). Upon any such sale, transfer, liquidation or prepayment prior to maturity, the Escrow Agent shall hold and invest moneys therefrom pursuant to Article IV hereof.

1.4 Release of Pledge. By its acceptance of these Instructions, the Authority acknowledges that the provisions of Section 10.03 of the 2003 Indenture and Section 9.1 of the 2003 Installment Purchase Agreement have been satisfied. Upon receipt of an opinion of Nossaman LLP, addressed to the Escrow Agent to the effect that the lien established by the 2003 Indenture and the 2003 Installment Purchase Agreement are discharged and the pledge and lien upon the Net Operating Revenues is terminated in accordance with the terms of the 2003 Indenture and the 2003 Installment Purchase Agreement, the Escrow Agent hereby acknowledges and confirms that as to the Prior Obligations the lien established by the 2003 Indenture and the 2003 Installment Purchase Agreement is discharged and the pledge and lien upon the Net Operating Revenues is terminated in accordance with the terms of the 2003 Indenture and the 2003 Installment Purchase Agreement.

1.5 Excess Funds to District. Upon the written request of the Authority, the Escrow Agent shall pay over to the District from time to time any funds held by the Escrow Agent in the Escrow Fund upon written request of the Authority, provided that the Escrow Agent shall not transfer any such funds from the Escrow Fund unless it shall first have received an unqualified opinion from nationally recognized bond counsel to the effect that such payment to the District would not, in and of itself, (a) cause the Prior Obligations or the Bonds to become arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder in effect at the time of such proposed payment or (b) adversely affect the conclusions expressed in the Defeasance Opinion.

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

II. Irrevocability.

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

Except as otherwise provided herein, the owners of the Prior Obligations shall have an express lien on all funds and amounts, and all earnings thereon and accretions thereto,

on deposit in the Escrow Fund with the Escrow Agent in accordance with these Instructions until used and applied in accordance herewith.

III. Liability.

The liability of the Escrow Agent and the 2003 Trustee for the payment of moneys as hereinabove set forth respecting the payment of the debt service on and the prepayment of the Prior Obligations shall be limited solely to the moneys on deposit with the Escrow Agent in the Escrow Fund pursuant to these Instructions, including but not limited to the principal of and interest on the securities and other moneys set forth in Schedule A hereto, available for such purposes. Neither the Escrow Agent nor the 2003 Trustee shall be liable for any loss whatsoever resulting from, nor be required to make up any deficiency with respect to, any investment made pursuant to these Instructions in compliance with the provisions hereof.

IV. Investments.

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

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

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

Under no circumstances shall the Authority cause or direct any initial investment, subsequent investment or reinvestment of the securities or moneys in the Escrow Fund to be

made in such a manner as to result in the loss of exclusion from gross income for federal income tax purposes of interest with respect to the Prior Obligations or the Bonds.

V. Fees.

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

The Authority covenants and agrees to indemnify and save the Escrow Agent and its officers, directors, agents and employees, harmless against any and all claims, losses, expenses (including reasonable attorney fees and disbursements) and liabilities which it may incur arising out of or in the exercise and performance of its duties hereunder, but excluding any and all claims, losses, expenses and liabilities which are due to the negligence or willful misconduct of the Escrow Agent, its officers, directors, or employees. The obligations of the Authority under this Section V shall survive the removal or resignation of the Escrow Agent and payment of the Prior Obligations and the discharge of the 2003 Indenture as it relates thereto.

VI. Defeasance.

Upon deposit of the amounts set forth in Section 1.2 hereof, all obligations of the Authority under the 2003 Indenture and all security provided by the 2003 Indenture for the Prior Obligations shall cease and terminate, excepting only the obligations of the Authority to pay, or cause to be paid, principal of and premium, if any, and interest on the Prior Obligations from the deposit made by the Authority pursuant to Section 1.2 hereof, and the Authority's obligation to indemnify the 2003 Trustee pursuant to the 2003 Indenture. In the event of a deficiency in the funds and amounts in the Escrow Fund for purposes of paying the debt service on the Prior Obligations, the Authority shall be under no obligation to make up such deficiency.

VII. Termination.

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

From and after July 1, 2013, any remaining moneys on deposit in the Escrow Fund established and held pursuant to these Instructions, except for amounts held by the Escrow Agent to pay the registered owners of Prior Obligations, after the payment of all amounts owed to the Escrow Agent under Section V hereof, shall be remitted by the Escrow Agent to the Authority without further claim therefor.

VIII. Invalidity; Applicable Law.

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

IX. Binding Effect; Successors.

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

X. Counterparts.

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

XI. Duties of the Escrow Agent; Protection.

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

The protections afforded the Trustee in Section 6.13 of the 2003 Indenture shall apply to the Escrow Agent and such Section is incorporated herein by reference to apply to the Escrow Agent. The Escrow Agent may resign hereunder by providing 30 days written notice to the Authority. Any resignation of the Escrow Agent pursuant to Section XI hereof shall only be effective upon acceptance by a successor escrow agent.

IN WITNESS WHEREOF, the Authority has issued these Instructions, which have been consented to by the District, and the Escrow Agent and the Trustee have acknowledged and accepted these Instructions.

**CALLEGUAS-LAS VIRGENES PUBLIC
FINANCING AUTHORITY**

By: _____
Authorized Officer

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Escrow Agent and 2003 Trustee**

By: _____
Authorized Officer

Consented to:

CALLEGUAS MUNICIPAL WATER DISTRICT

By: _____
General Manager

SCHEDULE A
INVESTMENTS TO BE MADE BY ESCROW AGENT

<u>TYPE</u>	<u>MATURITY</u> <u>DATE</u>	<u>PAR</u> <u>AMOUNT</u>	<u>COUPON</u>
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SCHEDULE B
DESCRIPTION OF TRANSFERRED INVESTMENTS

- A. Transfer to Escrow Fund: \$_____:
- (i) From proceeds of the Bonds: \$_____;
 - (ii) From 2003 Reserve Fund: \$_____; and
 - (iii) From 2003 Bond Service Fund: \$_____.
- B. All remaining amounts relating to the Prior Obligations shall be transferred to the Trustee for deposit in the Payment Fund established for the Bonds.

**SCHEDULE C
NOTICE OF DEFEASANCE**

**Notice of Owners of Outstanding
Calleguas-Las Virgenes Public Financing Authority Refunding Revenue Bonds,
2003 Series B (Calleguas Municipal Water District Project)**

NOTICE IS HEREBY GIVEN that the Calleguas-Las Virgenes Public Financing Authority (the "Authority") has on _____, 2012, from the proceeds of sale of refunding obligations issued by the Calleguas Municipal Water District (the "District"), irrevocably set aside in an Escrow Fund created for such purpose and held by The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, as Escrow Agent (the "Escrow Agent"), pursuant to Escrow Instructions, dated as of June 1, 2012 (the "Escrow Instructions"), by and between the Authority and the Escrow Agent, moneys which, when added to the investment earnings therefrom, shall be sufficient (a) to pay at maturity or on the redemption date, as applicable, the principal amount due on the above referenced bonds identified on Schedule I hereto (the "Prior Obligations") and (b) to pay interest accrued but unpaid on all such Prior Obligations to such maturity date, scheduled interest payment date or date of redemption.

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

Dated: _____, 2013

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

**SCHEDULE I
TO
SCHEDULE C**

PRIOR OBLIGATIONS TO BE PAID FROM THE ESCROW FUND

<u>Maturity Date</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>CUSIP®</u>
2013	\$2,840,000	5.25%	13124C BJ5
2014 ⁽¹⁾	2,985,000	5.25	13124C BK2
2015 ⁽¹⁾	3,145,000	5.25	13124C BL0
2016 ⁽¹⁾	3,310,000	5.25	13124C BM8
2017 ⁽¹⁾	3,480,000	5.25	13124C BN6
2018 ⁽¹⁾	3,665,000	5.25	13124C BP1
2019 ⁽¹⁾	3,855,000	5.25	13124C BQ9
2020 ⁽¹⁾	4,065,000	5.25	13124C BR7
2021 ⁽¹⁾	4,270,000	5.25	13124C BS5

(1) To be redeemed on July 1, 2013.