

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

February 9, 2016

A Special Meeting of the Board of Directors of Calleguas – Las Virgenes Public Financing Authority is hereby called and notice of said Special Meeting is hereby given for 4:30 p.m. on Tuesday, February 9, 2016, at Las Virgenes Municipal Water District, 4232 Las Virgenes Road, Calabasas, CA 91302 to consider the following:

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

- A. CALL TO ORDER, PLEDGE OF ALLEGIANCE, AND ROLL CALL (4:30 p.m.)

BOARD OF DIRECTORS

Steve Blois
Charles Caspary
Jay Lewitt
Glen Peterson, Vice Chair
Leonard E. Polan
Scott Quady
Lee Renger, Secretary
Andres Santamaria, Treasurer
Thomas Slosson
Andy Waters, Chair

- 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. Minutes: June 17, 2015

Action: It is recommended that the Authority approve the meeting minutes of June 17, 2015.

2. Adoption of Resolution No. 17, Notice of Intent to Amend a Conflict of Interest Code
Action: It is recommended that the Board of Directors adopt Resolution No. 17.
3. Adoption of Resolution No. 16, authorizing and directing execution of escrow instructions for the refunding of the Authority's 2006 A Revenue Bonds
Action: It is recommended that the Board of Directors adopt Resolution No. 16.

D. OTHER BUSINESS

E. ADJOURNMENT

PURSUANT TO SECTION 202 OF THE AMERICAN 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.

cc: Each Director

**CALLEGUAS – LAS VIRGENES PUBLIC FINANCING AUTHORITY
MINUTES – June 17, 2015**

The Regular Meeting of the Board of Directors of Calleguas – Las Virgenes Public Financing Authority (Authority) was held at Calleguas Municipal Water District on Wednesday, June 17, 2015 at 4:00 p.m.

A. CALL TO ORDER AND ROLL CALL

Chair Caspary called the meeting to order at 4:00 p.m.

Kara Wade, Clerk of the Board to Calleguas, called roll.

Board Members Present: Charles Caspary, Chair
Jay Lewitt
Glen Peterson, Secretary
Leonard Polan
Scott Quady
Lee Renger
Andres Santamaria
Thomas Slosson, Treasurer
Andy Waters, Vice Chair (arrived at 4:09 p.m.)

Board Members Absent: Steve Blois

Legal Counsel Present: Robert Cohen, General Counsel to Calleguas
Christine Carson, Lemieux & O’Neill, General Counsel to
Las Virgenes and to the Authority

Staff Present: Susan B. Mulligan, General Manager, Calleguas
David W. Pedersen, General Manager, Las Virgenes
Dan Smith, Manager of Finance and Human Resources,
Calleguas
Donald Patterson, Director of Finance and Administration,
Las Virgenes
Kara Wade, Clerk of the Board, Calleguas

B. ORAL COMMUNICATION

NONE

C. REGULAR BUSINESS

1. Minutes: April 14, 2015

On a motion by Director Renger, seconded by Director Peterson, the Board of Directors voted 8-0 to approve the April 14, 2015 minutes.

AYES: Directors Caspary, Lewitt, Peterson, Polan, Quady, Renger, Santamaria,
Slosson

NOES: None

2. **Public Hearing regarding Resolution No. 15, Amending a Conflict of Interest Code**

Director Caspary presented Resolution No. 15:

A RESOLUTION OF THE BOARD OF DIRECTORS
OF CALLEGUAS-LAS VIRGENES PUBLIC FINANCING AUTHORITY
AMENDING A CONFLICT OF INTEREST CODE

The General Manager of Calleguas Municipal Water District said that the required notices had been posted and published and that no comments had been received.

At 4:03 p.m., Director Caspary opened the Public Hearing. There was no public comment. At 4:05 p.m., Director Caspary closed the Public Hearing.

On a motion by Director Quady, seconded by Director Renger, the Board of Directors voted 8-0 to conduct a public hearing and adopt Resolution No. 15. Resolution No. 15 is attached and made part of these minutes.

AYES: Directors Caspary, Lewitt, Peterson, Polan, Quady, Renger, Santamaria,
Slosson

NOES: None

3. **Report on Status of Funds**

Calleguas' Manager of Finance and Human Resources reported that Calleguas met all of its bond obligations during the previous year.

Las Virgenes' Director of Finance and Administration reported that Las Virgenes met all of its bond obligations during the previous year.

On a motion by Director Slosson, seconded by Director Peterson, the Authority voted 9-0 to receive and file the Status Reports from Calleguas MWD and Las Virgenes MWD.

AYES: Directors Caspary, Lewitt, Peterson, Polan, Quady, Renger, Santamaria, Slosson, Waters

NOES: None

4. Election of Officers and Legal Counsel

On a motion by Director Quady, seconded by Director Caspary, the Authority voted 9-0 to elect Andy Waters as Chair of the Authority.

AYES: Directors Caspary, Lewitt, Peterson, Polan, Quady, Renger, Santamaria, Slosson, Waters

NOES: None

On a motion by Director Caspary, seconded by Director Lewitt, the Authority voted 9-0 to elect Glen Peterson as Vice-Chair of the Authority.

AYES: Directors Caspary, Lewitt, Peterson, Polan, Quady, Renger, Santamaria, Slosson, Waters

NOES: None

On a motion by Director Lewitt, seconded by Director Peterson, the Authority voted 9-0 to elect Lee Renger as Secretary of the Authority.

AYES: Directors Caspary, Lewitt, Peterson, Polan, Quady, Renger, Santamaria, Slosson, Waters

NOES: None

On a motion by Director Slosson, seconded by Director Peterson, the Authority voted 9-0 to elect Andres Santamaria as Treasurer of the Authority.

AYES: Directors Caspary, Lewitt, Peterson, Polan, Quady, Renger, Santamaria, Slosson, Waters

NOES: None

On a motion by Director Slosson, seconded by Director Renger, the Authority voted 9-0 to appoint Robert Cohen as Legal Counsel of the Authority.

AYES: Directors Caspary, Lewitt, Peterson, Polan, Quady, Renger, Santamaria,
Slosson, Waters

NOES: None

D. OTHER BUSINESS

None

E. ADJOURNMENT

President Caspary declared the meeting adjourned at 4:15 p.m.

Lee Renger, Secretary

Memorandum

Date: February 2, 2016

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

From: Susan B. Mulligan Dave Pedersen
General Manager General Manager
Calleguas Municipal Water District Las Virgenes Municipal Water District

RE: Adoption of Resolution No. 17, Notice of Intention to Amend a Conflict of Interest Code

Under the Political Reform Act (the "Act"), all public agencies are required to adopt a conflict-of-interest code (code). A code designates positions required to file Statements of Economic Interests (Form 700), and assigns disclosure categories specifying the types of interests to be reported. The Form 700 is a public document intended to advise public officials and members of the public about the types of financial interests that may create potential conflicts of interest.

In 2015 the Calleguas-Las Virgenes Public Financing Authority amended its conflict-of-interest code to reflect the current titles for certain staff positions and to bring the format up to date with the current standards. However, when staff attempted to file the code with the California Fair Political Practices Commission (FPPC), it became clear that special requirements for multi-county agencies needed to be incorporated into the resolutions and procedures before the code would be accepted by the FPPC. As a result, the procedure must be re-initiated to conform to those requirements.

The purpose of this action is to adopt a Resolution of Intent to adopt a Conflict of Interest Code and set a hearing date. Between now and the hearing, date, the proposed code will be sent to the FPPC for review and posting in accordance with their procedures. Notice will be posted twice in a newspaper of general circulation in the service areas of Calleguas and Las Virgenes. Staff proposes that the hearing be held on July 20, 2016 at 4:30 p.m. at 2100 Olsen Road, Thousand Oaks, California 91360, as part of the annual meeting of the Authority (which includes updates from each agency).

Enclosed in the packet for reference are:

- The Authority's proposed Conflict of Interest Code (no substantive changes from the code adopted last year)
- Resolution No. 17, Notice of Intent to Amend a Conflict of Interest Code

The Authority's current Counsel, Bob Cohen, has reviewed both the proposed Conflict of Interest Code and Resolution No. 17. Staff recommends that the Board adopt Resolution No. 17.

**CONFLICT OF INTEREST CODE
CALLEGUAS - LAS VIRGENES PUBLIC FINANCING AUTHORITY**

The Political Reform Act, Government Code section 81000 et seq., requires local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code Regs., § 18730) which contains the terms of a standard conflict of interest code, which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings.

The terms of California Code of Regulations, Title 2, Section 18730, and any amendment to it duly adopted by the Fair Political Practices Commission, are hereby incorporated by reference as the Conflict of Interest Code for the Calleguas-Las Virgenes Public Financing Authority, and along with the attached Exhibit A, which designates positions requiring disclosure and Exhibit B, which sets forth disclosure categories for each designated position, constitute the Conflict of Interest Code of the Calleguas - Las Virgenes Public Financing Authority.

Persons holding positions designated in Exhibit A shall file Form 700 Statements of Economic Interests with the Authority's Filing Officer, who shall retain the originals and make copies available for public inspection and reproduction.

IN PREPARING THE FORM 700, DESIGNATED FILERS NEED ONLY DISCLOSE THOSE FINANCIAL INTERESTS FALLING WITHIN THE DISCLOSURE CATEGORIES DESIGNATED FOR THAT FILER'S POSITION AS STATED IN EXHIBITS A AND B.

EXHIBIT A – DESIGNATED POSITIONS AND FILING OFFICERS

# of POSITIONS	POSITION TITLE	DISCLOSURE CATEGORY (From Exhibit B)
10	Member of Governing Board	1
1	Calleguas General Manager	1
1	Las Virgenes General Manager	1
1	Calleguas Manager of Finance and Human Resources	1
1	Las Virgenes Director of Finance and Administration	1
1	Authority Counsel	1
	Consultants ¹	1

¹ The disclosure, if any, required of a consultant will be determined on a case-by-case basis by one of the general managers or his/her designee. The determination of whether a consultant has disclosure requirements should be made in writing on a Fair Political Practices Commission Form 805. The determination should include a description of the consultant’s duties and based upon that description, a statement of the extent, if any, of the disclosure requirements. Each Form 805 is a public record and should be retained for public inspection either in the same manner and location as the Conflict of Interest Code, or with appropriate documentation at the location where the Conflict of Interest Code is maintained, cross-referencing to the Form 805.

EXHIBIT B – DISCLOSURE CATEGORIES

The terms *italicized* below have specific meaning under the Political Reform Act. In addition, the financial interests of a spouse, domestic partner and dependent children of the public official holding the designated position may require reporting. Consult the instructions and reference pamphlet of the Form 700 for explanation.

Category 1 – BROADEST DISCLOSURE

[SEE FORM 700 SCHEDULES A-1, A-2, B, C, D and E]

- (1) All sources of *income, gifts, loans and travel payments*;
- (2) All *interests in real property*; and
- (3) All *investments and business positions in business entities*.

RESOLUTION NO. 17

CALLEGUAS-LAS VIRGENES PUBLIC FINANCING AUTHORITY
NOTICE OF INTENTION TO AMEND A CONFLICT-OF-INTEREST CODE

NOTICE IS HEREBY GIVEN that the Calleguas-Las Virgenes Public Financing Authority (“Authority”) intends to amend its conflict-of-interest code pursuant to Government Code Section 87300 and 87306. Pursuant to Government Code Section 87302, the code will designate employees who must disclose certain investments, income, interests in real property and business positions, and who must disqualify themselves from making or participating in the making of governmental decisions affecting those interests.

The proposed amendments are as follows.

- In Exhibit A – Designated Positions, List of Designated Employees (1) a column has been added to designate the number of positions associated with each position title, (2) position titles have been updated to reflect changes implemented since the current code was adopted, (3) the disclosure category for the positions which were previously Auditor/Treasurer and are now Calleguas Manager of Finance and Human Resources and Las Virgenes Director of Finance and Administration has been changed from 2 to 1 to reflect the broad responsibility and authority of these positions, and (4) the footnote about disclosure required by consultants now references California Fair Political Practices Commission Form 805, Agency Report of Consultants.
- Throughout the code, non-substantive changes have been made to conform to a template recommended by the County of Ventura.

During a meeting of the Board of Directors of the Authority on July 20, 2016 at 4:30 p.m. at 2100 Olsen Road, Thousand Oaks, California 91360, the Board of Directors will hold a public hearing, consider and act on all protests and comments, and vote on adoption of a resolution amending the Authority’s Conflict of Interest Code.

The Authority has prepared a written explanation of the reasons for the designations and disclosure responsibilities and has available all information upon which the proposal is based.

Inquiries or requests for copies of the proposed code should be directed to Kara Wade, Authority Filing Officer, at Calleguas Municipal Water District at kwade@calleguas.com, (805) 579-7111, or 2100 Olsen Road Thousand Oaks, California 91360.

Any interested person may present written comments concerning the proposed code or amendments no later than July 19, 2016, to Ms. Wade at the email or mailing address above.

ADOPTED, PASSED AND APPROVED this 9th day of February, 2016, at a meeting of the Board of Directors of the Authority.

Andy Waters, Chair of Governing Board
Calleguas-Las Virgenes Public Financing Authority

I HEREBY CERTIFY that this Resolution was adopted at a meeting of the Board of Directors of the Calleguas – Las Virgenes Public Financing Authority held on February 9, 2016.

ATTEST:

Lee Renger, Secretary of Governing Board
Calleguas-Las Virgenes Public Financing Authority

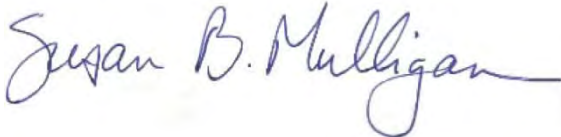


Memorandum

Date: February 2, 2016

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

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



RE: Adoption of Resolution No. 16, authorizing and directing execution of escrow instructions for the refunding of the Authority's 2006 A Revenue Bonds

In 2006, the Calleguas-Las Virgenes Public Financing Authority ("Authority") issued its Refunding Revenue Bonds, 2006 Series A (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 October 1, 2006 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, 2016 (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.

Calleguas staff requests that the Authority Board adopt proposed Resolution No. 16 authorizing and directing execution of Escrow Instructions for the refunding of the Authority's 2006 A Revenue Bonds. The Authority will have no other responsibility in connection with the proposed refunding.

Calleguas' bond counsel, Kevin Civalo of Stradling Yocca Carlson & Rauth, P.C., will be present at the meeting to respond to questions or requests for additional information.

RESOLUTION NO. 16

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 “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, 2006 Series A (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 all or a portion of the Prior Obligations.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE CALLEGUAS-LASVIRGENES 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 at 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 at this meeting, with such changes therein as such Authorized Officer may require or approve, with the advice and approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, 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 Board Meeting held on February 9, 2016 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Andy Waters, President
Board of Directors
Calleguas-Las Virgenes Public Financing Authority

ATTEST:

Lee Renger, Secretary
Board of Directors
Calleguas-Las Virgenes Public Financing Authority

(SEAL)

SECRETARY'S CERTIFICATE

The undersigned, Secretary of the Board of Directors of the Calleguas-Las Virgenes Public Financing Authority, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a meeting of the Board of Directors duly called and held on February 9, 2016, at which meeting all of the members of said Board of Directors had due notice and at which a majority thereof was present.

Dated: _____, 2016

Lee Ranger, Secretary
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 April 1, 2016

ESCROW INSTRUCTIONS

These Escrow Instructions, dated for reference purposes as of April 1, 2016 (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 2016A (the “Bonds”), to The Bank of New York Mellon Trust Company, N.A., as escrow agent hereunder (the “Escrow Agent”) and as trustee (the “2006 Trustee”) pursuant to an Indenture of Trust, dated as of October 1, 2006 (the “2006 Indenture”), between the Authority and the 2006 Trustee. The 2006 Indenture was executed in connection with the Authority’s Revenue Bonds, 2006 Series A (Calleguas Municipal Water District Project), originally issued in the principal amount of \$46,660,000 (the “2006 Bonds”), of which \$_____ remain outstanding. The 2006 Bonds 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 October 1, 2006 (the “2006 Installment Purchase Agreement”) between the District and the Authority. The District and U.S. Bank National Association (the “Trustee”) have executed that certain indenture of trust, dated as of April 1, 2016 (the “Indenture”) in connection with the issuance of the Bonds.

RECITALS

A. Pursuant to the 2006 Indenture, the Authority authorized the issuance and delivery of the 2006 Bonds. Payment of principal of and interest on the 2006 Bonds is secured by a pledge of the Installment Payments, and certain other funds made available as provided in the Indenture.

B. The 2006 Indenture provides that the Authority may secure payment of the 2006 Bonds 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 2006 Bonds until the maturity or prepayment date of the 2006 Bonds.

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 2006 Indenture and the 2006 Installment Purchase Agreement with respect to the 2006 Bonds.

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 2006 Bonds 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 April __, 2016, 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.

If the Escrow Agent learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a subscription of state and local government series securities (“SLGS”) that is to be submitted pursuant to these Instructions, the Escrow Agent shall promptly request alternative written investment instructions from the Authority with respect to funds which were to be invested in SLGS. The Escrow Agent shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Agent shall hold such funds uninvested and without liability for interest until receipt of further written instructions from the Authority. In the absence of investment instructions from the Authority, the Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Escrow Agent may conclusively rely upon the Authority’s selection of an alternative investment as a determination of the alternative investment’s legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

1.3 Payments with Respect to the 2006 Bonds.

A. The Escrow Agent shall transfer from the Escrow Fund, in immediately available funds, to the 2006 Trustee for deposit in the Bond Service Fund created by the 2006 Indenture on July 1, 2016 (i) an amount equal to the principal and interest due and payable on the 2006 Bonds on July 1, 2016, and (ii) an amount sufficient to pay the redemption price of all 2006 Bonds maturing after July 1, 2016 (such redemption price being 100% of the principal amount thereof). The Authority hereby irrevocably designates the 2006 Bonds for prior prepayment on July 1, 2016, and hereby irrevocably instructs the 2006 Trustee to give the mailed notice of prepayment as provided in the 2006 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: (i) an 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 2006 Bonds 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 2006 Indenture, as it applies to the 2006 Bonds, was defeased (the “Defeasance Opinion”), and (ii) a certificate of Causey, Demgen & Moore Inc. (the “Verification Agent”) to the effect that such sale, transfer, liquidation or prepayment would not adversely affect the conclusions expressed in its validation letter dated April __, 2016, concerning the sufficiency of amounts in the Escrow Fund for purposes of paying debt service and prepayment costs on the 2006 Bonds (the “Verification Report”). For purposes of these Instructions, references to the Verification Agent shall mean the firm of such name, its successor entities, or such other firm of certified public accountants as shall be selected by the District. 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, with respect to the 2006 Bonds, the provisions of Section 10.03 of the 2006 Indenture and Section 9.1 of the 2006 Installment Purchase Agreement have been satisfied. Upon receipt of the Verification Report, and upon receipt of an opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, addressed to the Escrow Agent to the effect that, solely with respect to the 2006 Bonds, the lien established by the 2006 Indenture and the 2006 Installment Purchase Agreement are discharged and the pledge and lien upon the Net Operating Revenues is terminated in accordance with the terms of the 2006 Indenture and the 2006 Installment Purchase Agreement, the Escrow Agent hereby acknowledges and confirms that the lien established by the 2006 Indenture and the 2006 Installment Purchase Agreement is discharged and the pledge and lien upon the Net Operating Revenues is terminated in accordance with the terms of the 2006 Indenture and the 2006 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: (i) an opinion from nationally recognized bond counsel to the effect that such payment to the District would not, in and of itself, (a) cause the 2006 Bonds 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, and (ii) a certificate of the Verification Agent to the effect that such payment would not adversely affect the conclusions expressed in the Verification Report.

[1.6 Notice of Defeasance. Upon the purchase of the Escrowed Securities, the Escrow Agent shall mail a notice of defeasance of the 2006 Bonds to the owners thereof, along with a copy to the Bond Insurer pursuant to Section 10.03(a) of the 2006 Indenture, 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 2006 Bonds; or (C) severing any portion of these Instructions deemed to be illegal and the Escrow Agent first shall have received: (i) an 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 2006 Bonds 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, and (ii) a certificate of the Verification Agent to the effect that such modification or amendment would not adversely affect the conclusions expressed in the Verification Report.

Except as otherwise provided herein, the owners of the 2006 Bonds 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 2006 Trustee for the payment of moneys as hereinabove set forth respecting the payment of the debt service on and the prepayment of the 2006 Bonds 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 2006 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.

The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care.

The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions (the "Escrow Agent Directions") given pursuant to these Instructions and delivered using Electronic Means ("Electronic Means" means the following communications methods: S.W.I.F.T., e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder); provided, however, that the Authority shall provide to the Escrow Agent an incumbency certificate listing officers with the authority to provide such Escrow Agent Directions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority whenever a person is to be added or deleted from the listing. If the Authority elects to give Escrow Agent Directions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Escrow Agent Directions, the Escrow Agent's understanding of such Escrow Agent Directions shall be deemed controlling. The Authority understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Escrow Agent Directions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The Authority shall be responsible for ensuring that only Authorized Officers transmit such Escrow Agent Directions to the Escrow Agent and that the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such Escrow Agent Directions notwithstanding such directions conflict or

are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Escrow Agent Directions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Escrow Agent Directions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Escrow Agent Directions to the Escrow Agent and that there may be more secure methods of transmitting Escrow Agent Directions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Escrow Agent Directions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

The Escrow Agent shall be afforded the same rights, protections and limitations on liability hereunder as provided to it as trustee under Article VII of the 2006 Indenture.

The Escrow Agent may at any time resign by giving 30 days written notice of resignation to the Authority. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor and, upon the acceptance by the successor of such appointment, release the resigning Escrow Agent from its obligations hereunder by written instrument, a copy of which instrument shall be delivered to each of the Authority, the resigning Escrow Agent and the successor. If no successor shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor.

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

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 2006 Bonds, the Escrow Agent shall hold such moneys for the benefit of the owners of the 2006 Bonds. 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 2006 Bonds in accordance with these Instructions and as shown in the Verification Report. 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 and as shown in the Verification Report and maturing no later than the date on which such moneys are needed for payment of debt service on the 2006 Bonds in accordance with these Instructions and as shown in the applicable verification letter of the Verification Agent.

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 2006 Bonds or the Bonds.

The Authority's direction to the Escrow Agent to substitute or reinvest the securities or moneys in the Escrow Fund shall be accompanied by (i) an opinion from nationally recognized bond counsel to the effect that such sale, transfer, liquidation or prepayment would not, in and of itself, cause the 2006 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, and (ii) a new verification report from the Verification Agent or independent certified public accountants' firm to the effect that after such reinvestment or substitution, the amounts in the Escrow Funds shall remain sufficient for purposes of paying debt service and prepayment costs on the 2006 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 2006 Bonds and the discharge of the 2006 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 2006 Indenture and all security provided by the 2006 Indenture for the 2006 Bonds 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 2006 Bonds from the deposit made by the Authority pursuant to Section 1.2 hereof, and the Authority's obligation to indemnify the 2006 Trustee pursuant to the 2006 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 2006 Bonds, the Authority shall be under no obligation to make up such deficiency, other than a deficiency resulting from an incorrect calculation by the Verification Agent.

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 2006 Bonds shall have been effected.

From and after April 15, 2016, 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 2006 Bonds, after the payment of all amounts owed to the Escrow Agent under Section V hereof, shall be remitted by the Escrow Agent (without liability for interest) to the District 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 2006 Bonds 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 2006 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 2006
Trustee

By: _____
Authorized Officer

Consented to:

CALLEGUAS MUNICIPAL WATER DISTRICT

By: _____
Manager of Finance and Human Resources

SCHEDULE A

INVESTMENTS TO BE MADE BY ESCROW AGENT

TYPE	MATURITY DATE	PAR AMOUNT	COUPON
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SCHEDULE B

DESCRIPTION OF TRANSFERRED INVESTMENTS

- A. Transfer to Escrow Fund: \$_____:
- (i) From proceeds of the Bonds: \$_____; and
 - (ii) From 2006 Bond Service Fund: \$_____.
- B. All remaining amounts relating to the 2006 Bonds 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,
2006 Series A (Calleguas Municipal Water District Project)**

NOTICE IS HEREBY GIVEN that the Calleguas-Las Virgenes Public Financing Authority (the "Authority") has on April __, 2016, 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 April 1, 2016 (the "Escrow Instructions"), between the Authority and the Escrow Agent, moneys which, when added to the investment earnings therefrom, shall be sufficient, as evidenced by the verification report delivered to the Escrow Agent, on which it is relying (a) to pay at maturity or on the redemption date, as applicable, the principal amount due on the above referenced bonds (the "2006 Bonds"), and (b) to pay interest accrued but unpaid on all such 2006 Bonds 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 2006 Bonds. 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 2006 Bonds.

Dated: _____, 2016

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