

PURCHASE CONTRACT

CARPINTERIA VALLEY WATER DISTRICT

\$ _____ Refunding Revenue Bonds, Series 2016A

_____, 2016

Carpinteria Valley Water District
1301 Santa Ynez Avenue
Carpinteria, California 93013

Ladies and Gentlemen:

The undersigned (hereinafter referred to as the “Underwriter”), acting on behalf of itself and not as an agent or representative of you, offers to enter into this purchase contract (the “Purchase Contract”) with the Carpinteria Valley Water District (the “District”), which will be binding upon the District and the Underwriter upon the acceptance hereof by the District and as acknowledged by the Corporation. This offer is made subject to its acceptance by the District by execution of this Purchase Contract and its delivery to the Underwriter on or before 11:00 p.m., California time, on the date hereof. All terms used herein and not otherwise defined shall have the meanings given to such terms in the Indenture (as hereafter defined).

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Underwriter hereby agrees to purchase, and the District hereby agrees to cause to be delivered to the Underwriter, all (but not less than all) of the \$ _____ initial aggregate principal amount of Carpinteria Valley Water District Refunding Revenue Bonds, Series 2016A (the “Bonds”). The Underwriter will purchase the Bonds at a purchase price of \$ _____ (representing the par amount of the Bonds [plus/less] \$ _____ of original issue [premium/discount] and \$ _____ of Underwriter’s discount).

Proceeds from the sale of the Bonds will be used (i) to refund the Carpinteria Valley Water District Refunding Revenue Certificates of Participation, Series 2006A (the “Refunded Certificates”), the proceeds from the sale of which were used to finance certain capital improvements to the water system of the District (the “System”), [(ii) to acquire a debt service reserve insurance policy (the “Reserve Insurance Policy”) for deposit to a reserve fund,] and (iii) to pay certain costs of issuance.

In order to effect the refunding of the Refunded Certificates, the District will enter into an Escrow Agreement dated as of February 1, 2016 (the “Escrow Agreement”) by and between the District and MUFG Union Bank, N.A., as escrow agent (the “Escrow Agent”).

[Payments of the principal and interest on the Bonds will be insured by a financial guaranty insurance policy (the “Bond Insurance Policy”) to be issued by (the “Bond Insurer”) simultaneously with the delivery of the Bonds.]

2. Authorizing Instruments and Law. The Bonds will be issued pursuant to an Indenture of Trust, dated as of February 1, 2016 (the “Indenture”), by and between the District and MUFG Union Bank, N.A., as trustee (the “Trustee”). The Bonds shall be as described in the Indenture and the Official Statement dated _____, 2016 relating to the Bonds (which, together with all exhibits and appendices included therein or attached thereto and such amendments or supplements thereto which shall be approved by the Underwriter, is hereinafter called the “Official Statement”).

3. Public Offering. The Underwriter agrees to make an initial public offering of all the Bonds at the public offering prices (or yields) set forth in the Official Statement. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the rates set forth on Appendix A attached hereto. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices. The Underwriter also reserves the right (i) to engage in transactions that stabilize, maintain or otherwise affect the market price of the Bonds at a level above that which might otherwise prevail in the open market and (ii) to discontinue such transactions, if commenced, at any time.

4. Delivery of Official Statement on the Date Hereof. Pursuant to the authorization of the District, the Underwriter has distributed copies of the Preliminary Official Statement dated _____, 2016, relating to the Bonds, which, together with the cover page and appendices thereto, is herein called the “Preliminary Official Statement.” By its acceptance of this proposal, the District hereby approves and ratifies the distribution use by the Underwriter of the Preliminary Official Statement. The District agrees to execute and deliver a final Official Statement in substantially the same form as the Preliminary Official Statement with such changes as may be made thereto, with the consent of the District and the Underwriter, and to provide copies thereof to the Underwriter as set forth in Section 6(a)(v) hereof. The District hereby authorizes the Underwriter to use and distribute, in connection with the offer and sale of the Bonds: the Preliminary Official Statement, the Official Statement, the Indenture, the Escrow Agreement and the Continuing Disclosure Certificate (as hereinafter defined) and other documents or contracts to which the District or the Corporation is a party in connection with the transactions contemplated by this Purchase Contract, including this Purchase Contract and all information contained herein, and all other documents, Bonds and statements furnished by the District to the Underwriter in connection with the transactions contemplated by this Purchase Contract.

5. The Closing. At [8:00 a.m.], California time, on _____, 2016 or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the District and the Underwriter, the District will cause to be executed and delivered (i) the Bonds in book-entry form through the facilities of The Depository Trust Company (“DTC”) or its agent on behalf of the Underwriter, and (ii) the closing

documents hereinafter mentioned at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation (“Bond Counsel”), [Santa Barbara], California, or another place to be mutually agreed upon by the District and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof in immediately available funds to the order of the District. This payment and delivery, together with the delivery of the aforementioned documents, is herein called the “Closing.”

6. District Representations, Warranties and Covenants.

(a) The District represents, warrants and covenants to the Underwriter that:

(i) Due Organization, Existence and Authority. The District is a county water district duly organized and existing under the Constitution and laws of the State of California (the “State”), with full right, power and authority to execute, deliver and perform its obligations under this Purchase Contract, the Indenture, the Escrow Agreement and the Continuing Disclosure Certificate (collectively, the “District Documents”) and to carry out and consummate the transactions contemplated by the District Documents and the Official Statement.

(ii) Due Authorization and Approval. By all necessary official action of the District, the District has duly authorized and approved the execution and delivery of, and the performance by the District of the obligations contained or described in, the Preliminary Official Statement, the Official Statement and the District Documents and as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, each District Document will constitute the legally valid and binding obligation of the District enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or similar laws or equitable principles relating to or affecting creditors’ rights generally or by the exercise of judicial discretion in appropriate cases or by limitations on legal remedies against public agencies in the State.

(iii) Official Statement Accurate and Complete. The Preliminary Official Statement was as of its date, and the Official Statement is, and at all times subsequent to the date of the Official Statement up to and including the Closing will be, true and correct in all material respects, and the Preliminary Official Statement and the Official Statement contain and up to and including the Closing will contain no misstatement of any material fact and do not, and up to and including the Closing will not, omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading (except no representation is made

with respect to information relating to DTC, DTC's book-entry system, the Certificate Insurer, the Reserve Insurance Policy or the Certificate Insurance Policy).

(iv) Underwriter's Consent to Amendments and Supplements to Official Statement. The District will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The District will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(v) District Agreement to Amend or Supplement Official Statement. If after the date of this Purchase Contract and until 25 days after the end of the "underwriting period" (as defined in Section 240 15c2-12 in Chapter II of Title 17 of the Code of Federal Regulations ("Rule 15c2-12")), any event occurs as a result of which the Official Statement as then amended or supplemented would include an untrue statement of a material fact, or omit to state any material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, and, in the reasonable opinion of the Underwriter, an amended or supplemented Official Statement should be delivered in connection with the offers or sales of the Bonds to reflect such event, the District promptly will prepare at its expense an amendment or supplement which will correct such statement or omission and the District shall promptly furnish to the Underwriter a reasonable number of copies of such amendment or supplement. The Underwriter hereby agrees to deposit the Official Statement with the Municipal Securities Rulemaking Board. The Underwriter acknowledges that the end of the "underwriting period" will be the date of Closing.

(vi) No Material Change in Finances. At the time of the Closing, and except as otherwise described in the Official Statement, there shall not have been any material adverse changes in the financial condition of the District since June 30, 2015.

(vii) No Breach or Default. As of the time of acceptance hereof and as of the time of the Closing, (i) the District is not in default, nor has it been in default, as to principal or interest with respect to an obligation issued by the District, and (ii) the District is not and will not, in any manner which would materially adversely affect the transactions contemplated by the District Documents, be in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution,

ordinance, agreement or other instrument to which the District is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute, in any manner which would materially adversely affect the transactions contemplated by the District Documents, a default or event of default under any such instrument; and, as of such times, the authorization, execution and delivery of the District Documents and compliance with the provisions of each of such agreements or instruments do not and will not, in any manner which would materially adversely affect the transactions contemplated by the District Documents, conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the District (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the District Documents.

(viii) No Litigation. As of the time of acceptance hereof and as of the date of Closing, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending or, to the best knowledge of the District after due investigation, threatened (i) in any way questioning the corporate existence of the District or the titles of the officers of the District to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the execution or delivery of any of the Bonds, or in any way contesting or affecting the validity of the Bonds or the District Documents or the consummation of the transactions contemplated thereby, or contesting the exclusion of the interest on the Bonds from gross income for federal income tax purposes or contesting the powers of the District to enter into the District Documents; (iii) which may result in any material adverse change to the financial condition of the District or to its ability to pay the debt service on the Bonds when due; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

(ix) No Prior Liens on Net Revenues. Except for (i) the obligation of the District to make payments (which payments constitute Maintenance and Operations Costs (as defined in the Indenture)) with respect to (A) a Water Supply Agreement dated as of August 1, 1991 (the “Water Supply Agreement”) by and between the Central Coast Water Authority (“CCWA”), and (B) the Contract for the Furnishing of Water to the Carpinteria County Water District, dated September 12, 1949 (the “Cachuma Water Supply Agreement”), by and between the Santa Barbara County Water Agency and the District, and as renewed by the Renewal Master Contract on April 14, 1996 which obligations enjoy a lien on the Net Revenues (as defined in the Indenture) that is superior to the lien of the Bonds and (ii) the District’s obligation to make payments under (A) a Joint Participation Agreement, dated as of June 1, 1993, and as amended by Amendment No. 1 to the Joint Participation Agreement dated April 1, 2004 (collectively, the “Joint Participation Agreement”) by and between the District and the Cachuma Project Authority, (B) a joint loan contract among the District, the Montecito Water District, and DWR, dated March 19, 2004 (the “DWR Joint Loan”), (C) the payments under the DWR Loan (the “DWR Loan”) and (D) the payments under the Installment Purchase Agreement dated as of February 1, 2010 (the “2010 Installment Purchase Agreement”) by and between the District and the Corporation, which obligations have a lien on the Net Revenues that is on a parity with the lien of the Bonds, as of the date of the Closing, the District will not have outstanding any indebtedness which indebtedness is secured by a lien on the Net Revenues superior to or on a parity with the lien of the Bonds on the Net Revenues.

(x) Further Cooperation: Blue Sky. The District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the District shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

(xi) No Other Obligations. Between the date of this Purchase Contract and the date of Closing, the District will not, without the prior written consent of the Underwriter, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, directly or contingently payable from the Net Revenues.

(xii) Certificates. Any certificate signed by any official of the District and delivered to the Underwriter shall be deemed to be a representation and warranty by the District to the Underwriter as to the statements made therein.

(xiii) Compliance with Rule 15c2-12. The Preliminary Official Statement heretofore delivered to the Underwriter is hereby deemed final by the District as of its date and as of the date hereof, except for the omission of such as is permitted to be omitted in accordance with paragraph (b)(i) of Rule 15c2-12. The District hereby covenants and agrees that, within seven business days from the date hereof, the District shall cause a final printed form of the Official Statement to be delivered to the Underwriter in sufficient quantity to comply with paragraph (b)(4) of Rule 15c2-12 and Rules of the Municipal Securities Rulemaking Board.

(xiv) Continuing Disclosure. The District will undertake, pursuant to a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”), to provide annual reports and notices of certain events in accordance with the requirements of Rule 15c2-12. A form of the Continuing Disclosure Agreement is set forth as Appendix E to the Official Statement. The District hereby represents that, except as otherwise disclosed in the Official Statement, it is in compliance with each continuing disclosure undertaking it has entered into pursuant to Rule 15c2-12.

7. Closing Conditions. The Underwriter has entered into this Purchase Contract in reliance upon the representations, warranties and covenants herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriter’s obligations under this Purchase Contract are and shall be subject to the following additional conditions:

(a) Bring-Down Representation. The representations, warranties and covenants of the District contained herein shall be true, complete and correct at the date hereof and at the time of the Closing, as if made on the date of the Closing.

(b) Executed Agreements and Performance Thereunder. At the time of the Closing (i) the District Documents shall be in full force and effect, and shall not have been amended, modified or supplemented except with the written consent of the Underwriter, (ii) there shall be in full force and effect such resolutions (the “Resolutions”) as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated by the Official Statement, the District Documents, (iii) the District shall perform or have performed its obligations required or specified in the District Documents to be performed at or prior to Closing, and (iv) the Official Statement shall not have been supplemented or amended, except pursuant to Paragraphs 6(a)(iv) and

6(a)(v) hereof or as otherwise may have been agreed to in writing by the Underwriter.

(c) No Default. At the time of the Closing, no default shall have occurred or be existing under the Resolutions, the District Documents, or any other agreement or document pursuant to which any of the District's financial obligations was issued and the District shall not be in default in the payment of principal or interest on any of its financial obligations which default would adversely impact the ability of the District to pay debt service on the Bonds.

(d) Termination Events. The Underwriter shall have the right to terminate this Purchase Contract, without liability therefor, by written notification to the District if at any time at or prior to the Closing:

(i) an event shall occur which makes untrue or incorrect in any material respect, as of the time of such event, any statement or information contained in the Official Statement or which is not reflected in the Official Statement but should be reflected therein in order to make the statements contained therein in the light of the circumstances under which they were made not misleading in any material respect and, in either such event, (a) the Authority refuses to permit the Official Statement to be supplemented to supply such statement or information in a manner satisfactory to the Underwriter or (b) the effect of the Official Statement as so supplemented is, in the judgment of the Underwriter, to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds; or

(ii) legislation shall be introduced in, enacted by, reported out of committee, or recommended for passage by the State of California, either House of the Congress, or recommended to the Congress or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation is proposed for consideration by either such committee by any member thereof or presented as an option for consideration by either such committee by the staff or such committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or a bill to amend the Code (which, if enacted, would be effective as of a date prior to the Closing) shall be filed in either House, or a decision by a court of competent jurisdiction shall be rendered, or a regulation or filing

shall be issued or proposed by or on behalf of the Department of the Treasury or the Internal Revenue Service of the United States, or other agency of the federal government, or a release or official statement shall be issued by the President, the Department of the Treasury or the Internal Revenue Service of the United States, in any such case with respect to or affecting (directly or indirectly) the federal or state taxation of interest received on obligations of the general character of the Bonds which, in the judgment of the Underwriter, materially adversely affects the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds; or

(iii) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering, sale or distribution of obligations of the general character of the Bonds (including any related underlying obligations) is in violation or would be in violation of any provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended or the Trust Indenture Act of 1939, as amended; or

(iv) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended (the "Securities Act"), or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(v) there shall have occurred (1) any outbreak or escalation of hostilities, declaration by the United States of a national or international emergency or war; or (2) any other calamity or crisis in the financial markets of the United States or elsewhere; or (3) a downgrade of the sovereign debt rating of the

United States by any major credit rating agency or payment default on United States Treasury obligations; or (4) a default with respect to the debt obligations of, or the institution of proceedings under any federal bankruptcy laws by or against any state of the United States or any city, county or other political subdivision located in the United States having a population of over 1,000,000, which, in the judgment of the Underwriter, materially adversely affects the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds; or

(vi) there shall have occurred a general suspension of trading, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental agency having jurisdiction or any national securities exchange shall have: (i) imposed additional material restrictions not in force as of the date hereof with respect to trading in securities generally, or to the Bonds or similar obligations; or (ii) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers which, in the judgment of the Underwriter, materially adversely affects the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds; or

(vii) a general banking moratorium shall have been declared by federal or New York or State of California state authorities or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred which, in the judgment of the Underwriter, materially adversely affects the market price or the marketability for the Bonds or the ability of the Underwriter to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Bonds; or

(viii) a downgrading or suspension of any rating (without regard to credit enhancement) by Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's ("S&P"), or Fitch Ratings ("Fitch") of any debt securities issued by the Authority, or (ii) there shall have been any official statement as to a possible downgrading (such as being placed on "credit watch" or "negative outlook" or any similar qualification) of any rating by Moody's,

S&P or Fitch of any debt securities issued by the Authority, including the Bonds.

(e) Closing Documents. At or prior to the Closing, the Underwriter shall receive with respect to the Bonds the following documents:

(i) Bond Counsel Opinion. An approving opinion of Bond Counsel dated the date of the Closing and substantially in the form included as Appendix C to the Official Statement, together with a letter from such counsel, dated the date of the Closing and addressed to the Underwriter, to the effect that the foregoing opinion addressed to the District may be relied upon by the Underwriter to the same extent as if such opinion were addressed to it.

(ii) Supplemental Opinion. A supplemental opinion or opinions of Bond Counsel addressed to the Underwriter, in form and substance acceptable to the Underwriter, and dated the date of the Closing substantially to the following effect:

(A) The Purchase Contract has been duly authorized, executed and delivered by the District and is a valid and binding agreement of the District enforceable in accordance with its terms, except that the rights and obligations under the Purchase Contract are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State; and

(B) The statements contained in the Official Statement on the cover page and under the captions "INTRODUCTION," "THE BONDS," "SECURITY FOR THE BONDS," "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES," and "TAX EXEMPTION" and in Appendix B thereto, insofar as such statements purport to summarize certain provisions of the Bonds, the Indenture, State law and Bond Counsel's opinions concerning certain federal tax matters relating to the Bonds, are accurate as of the date of the Official Statement and as of the date of Closing.

(iii) District Counsel Opinion. An opinion of Myers, Widders, Gibson, Jones & Feingold, L.L.P., Ventura, California, counsel to the District, dated the date of the Closing and addressed to the Underwriter, in form and substance acceptable to the Underwriter substantially to the following effect:

(A) The District is a county water district organized and validly existing under the constitution and the laws of the State;

(B) The District Documents have been duly authorized, executed and delivered by the District and constitute the valid, legal and binding agreements of the District enforceable against the District in accordance with their respective terms, and the District has full right, power and authority to carry out and consummate all transactions contemplated by the District Documents as of the date of the Official Statement and as of the date of Closing;

(C) To the best of such counsel's knowledge based upon information provided by the District, except for the Cachuma Water Supply Agreement, the Water Supply Agreement, the Joint Participation Agreement, the DWR Joint Loan, the DWR Loan and the 2010 Installment Purchase Agreement as of the date of the Closing, the District does not and will not have outstanding any indebtedness which indebtedness is secured by a lien on the Net Revenues superior to or on a parity with the lien of the Bonds on the Net Revenues;

(D) The resolution of the District approving and authorizing the execution and delivery of the District Documents, and approving the Official Statement, has been duly adopted at a meeting of the governing body of the District, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and the resolution is in full force and effect and has not been modified, amended or rescinded;

(E) To the best of such counsel's knowledge based upon information provided by the District, the execution and delivery of the District Documents and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not, in any respect which will have a material adverse impact on the transactions contemplated by the District Documents, conflict with, or constitute on the part of the District a breach of or default under, any material agreement or other instrument to which the District is a party or by which it is bound (as determined by reference to a certificate of the District identifying material agreements and instruments) or any existing law, regulation, court order or consent decree to which the District is subject (excluding, however, any opinion as to compliance with any applicable federal or state securities laws);

(F) To the best of such counsel's knowledge based upon information provided by the District, the execution and delivery of the District Documents and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not, in any respect which will have a material adverse impact on the transactions contemplated by the District Documents, conflict with or constitute a breach of or default under any term or provision of the Constitution of the State or any statute, administrative rule or regulation, judgment, decree, order, license, permit, agreement or instrument to which the District is subject or by which the District or any of its property is bound (excluding, however, any opinion as to compliance with any applicable federal or state securities laws);

(G) Based on the information made available to such counsel in his role as general counsel to the District, and without having undertaken to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements contained therein, the information in the Official Statement under the captions "REFUNDING PLAN," "CARPINTERIA VALLEY WATER DISTRICT," and "LITIGATION," is true and accurate to the best of such counsel's knowledge at and as of the date of the Official Statement and at and as of the date of Closing;

(H) To the best of such counsel's knowledge based upon information provided by the District, no additional authorization, approval, consent, waiver or any other action by any person, board or body, public or private, not previously obtained is required as of the date of the Closing for the District to enter into the District Documents or to perform its obligations thereunder (excluding, however, any opinion as to compliance with any applicable federal or state securities laws);

(I) Based on information made available to such counsel in his role as general counsel to the District, he knows of no litigation, proceeding, action, suit, or investigation (or any basis therefor) at law or in equity before or by any court, governmental agency or body, pending or, to his best knowledge, threatened, against the District challenging the creation, organization or existence of the District, or the validity of the District Documents or seeking to restrain or enjoin the payments of debt service on the Bonds or in any way contesting or affecting the validity of the District Documents or any of the transactions referred to therein or contemplated thereby or contesting the authority of the District to enter into or perform its obligations under any of the District Documents, or under which a determination adverse to the District

would have a material adverse effect upon the financial condition or the revenues of the District, or which, in any manner, questions or affects the right or ability of the District to enter into the District Documents or affects in any manner the right or ability of the District to pay debt service on the Bonds; and

(J) Based on the information made available to counsel to the District in their role as general counsel to the District, and without having undertaken to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement, nothing has come to his attention which would lead him to believe that the Official Statement as of its date and as of the date of Closing (excluding therefrom the financial and statistical data and forecasts included therein, as to which no opinion is expressed) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(iv) Opinion of Counsel to Union Bank. The opinion of counsel to MUFG Union Bank, N.A. (“Union Bank”), dated the date of the Closing, addressed to the Underwriter, to the effect that:

(A) Union Bank is a national banking association, duly organized and validly existing under the laws of the United States of America, having full corporate power to undertake the trust created under the Indenture and to enter into the Escrow Agreement (collectively with the Indenture, the “Union Bank Documents”);

(B) The Union Bank Documents have been duly authorized, executed and delivered by Union Bank and, assuming due authorization, execution and delivery by the other parties thereto, the Union Bank Documents constitute the valid and binding obligations of Union Bank enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors’ rights generally and by the application of equitable principles, if equitable remedies are sought;

(C) Union Bank has duly authenticated the Bonds upon the order of the District;

(D) Union Bank’s actions in executing and delivering the Union Bank Documents are in full compliance with, and do not conflict with any applicable law or governmental regulation and, to

the best of such counsel's knowledge, after reasonable inquiry with respect thereto, do not conflict with or violate any contract to which Union Bank is a party or any administrative or judicial decision by which Union Bank is bound; and

(E) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the banking or trust powers of Union Bank that has not been obtained is or will be required for the authentication and delivery of the Bonds or the consummation by Union Bank of its obligations under the Union Bank Documents.

(v) Underwriter's Counsel Opinion. An opinion of Ballard Spahr LLP, Salt Lake City, Utah counsel to the Underwriter ("Underwriter's Counsel"), dated the date of Closing and addressed to the Underwriter to the effect that:

(A) Such counsel is of the opinion that the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(B) While such counsel has not verified and is not passing upon and does not assume responsibility for, the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has participated in conferences with representatives of and counsel for the District and Special Counsel and representatives of the Underwriter at which the contents of the Official Statement were discussed and revised. Based on such counsel's representation of the Underwriter in connection with the issuance of the Bonds, no facts came to the attention of the attorneys in such firm rendering legal services in connection with such representation which caused such counsel to believe that the Official Statement contained as of its date or as of the date of Closing contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect (except that no opinion or belief is expressed as to (i) the expressions of opinion, the assumptions, the projections, the financial statements, or other financial, numerical, economic, demographic or statistical data contained in the Official Statement, (ii) the information with respect to the Bond Insurer, the Reserve Insurance Policy, or the Bond Insurance Policy,] DTC and its book-entry system and (iii) the information contained in Appendix A, Appendix C, Appendix D or Appendix E to the Official Statement); and

(C) The provisions of the Continuing Disclosure Certificate comply with the provisions of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

(vi) District Certificate. A certificate of the District, dated the date of the Closing, signed on behalf of the District by the General Manager or other duly authorized officer of the District to the effect that:

(A) The representations, warranties and covenants of the District contained in the Purchase Contract are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing and the District has complied with all of the terms and conditions of the Purchase Contract required to be complied with by the District at or prior to the date of the Closing;

(B) No event affecting the District has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(C) No event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute an event of default under the District Documents.

(vii) Union Bank's Certificate. A certificate, dated the date of Closing, signed by a duly authorized official of Union Bank satisfactory in form and substance to the Underwriter, to the effect that:

(A) Union Bank is duly organized and existing as a national banking association under the laws of the United States of America, having the full corporate power and authority to enter into and perform its duties under the Union Bank Documents;

(B) Union Bank is duly authorized to enter into the Union Bank Documents and has duly executed and delivered the Union Bank Documents, and assuming due authorization and execution by the other parties thereto, the Union Bank Documents are legal, valid and binding upon Union Bank, and enforceable against Union Bank in accordance with their terms;

(C) Union Bank has duly authenticated the Bonds under the Indenture and delivered the Bonds to or upon the order of the Underwriter; and

(D) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the banking or trust powers of Union Bank that has not been obtained is or will be required for the authentication and delivery of the Bonds or the consummation by Union Bank of its obligations under the Union Bank Documents.

(viii) Parity Certification. A parity certification as required by the Joint Participation Agreement and the 2010 Installment Purchase Agreement.

(ix) Transcripts. Two transcripts of all proceedings relating to the authorization, execution and delivery of the Bonds.

(x) Official Statement. The Official Statement and each supplement or amendment, if any, thereto, executed on behalf of the District by duly authorized officers of the District.

(xi) Documents. An original executed copy of each of the District Documents.

(xii) District Resolution. Two certified copies of the District Resolution, certified by the District Clerk.

(xiii) Union Bank Resolution. Two certified copies of the general resolution of Union Bank authorizing the execution and delivery of certain documents by certain officers and employees of Union Bank, which resolution authorizes the execution and delivery of the Union Bank Documents.

(xiv) [Consent of State. Written consent of State providing approval to issue the Bonds under the DWR Joint Loan and the DWR Loan.]

(xv) 8038-G. Evidence that the federal tax information form 8038-G has been prepared for filing.

(xvi) Tax Certificate. A tax certificate in form satisfactory to Special Counsel.

(xvii) CDIAC Statements. A copy of the Notices of Sale required to be delivered to the California Debt Investment and Advisory Commission pursuant to Sections 8855(g) and 53583 of the California Government Code.

(xviii) 15c2-12 Certificate of the District. A certificate of the District “deeming final” the Preliminary Official Statement for purposes of Rule 15c2-12.

(xix) Rating. Evidence from Standard & Poor’s Ratings Group (“S&P”) that the Bonds have been assigned [an insured rating of “____” and] an underlying rating of “_____.”

(xx) [Reserve and Bond Insurance]. Evidence satisfactory to the Underwriter of the issuance by the Bond Insurer of Reserve Insurance Policy and the Bond Insurance Policy.]

(xxi) [Insurance Agreement]. An original executed copy of the Insurance Agreement between the District and the Bond Insurer.]

(xxii) Opinion of Counsel to the Bond Insurer. The opinion of counsel to the Bond Insurer, dated the Closing Date and addressed to the Underwriter and the District, in form and substance satisfactory to the Underwriter and Underwriter’s Counsel.]

(xxiii) [Closing Certificates of the Bond Insurer]. A certificate or certificates of the Bond Insurer, dated the Closing Date, as to the accuracy of the information relating to the Bond Insurer, the Bond Insurance Policy and the Reserve Insurance Policy included in the Official Statement and such other matters reasonably required by Bond Counsel.]

(xxiv) [15c2-12 Certificate of the Bond Insurer]. A certificate of the Bond Insurer “deeming final” for purposes of Rule 15c2-12 information relating to the Bond Insurer, the Bond Insurance Policy and the Reserve Insurance Policy and contained in the Official Statement.]

(xxv) Continuing Disclosure Certificate. An executed copy of the Continuing Disclosure Certificate.

(xxvi) Verification Report. A verification report from [Causey, Demgen & Moore, Inc., Denver, Colorado] (the “Verification Agent”) together with a letter, dated the date of Closing, from an authorized officer of said firm consenting to the inclusion in the Official Statement of references to the Verification Agent and the verification report.

(xxvii) DTC Letter of Representation. One copy of the executed Letter of Representation to The Depository Trust Company from the District.

(xxviii) Additional Documents. Such additional certificates, instruments and other documents as the Underwriter may reasonably deem necessary.

If the District shall be unable to satisfy the conditions contained in this Purchase Contract, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither

the Underwriter nor the District shall be under further obligation hereunder, except as further set forth in Section 8 hereof.

(a) Whether or not the Underwriter accepts delivery of and pays for the Bonds as set forth herein, it shall be under no obligation to pay, and the District shall pay or cause to be paid (out of the proceeds of the Bonds or any other legally available funds of the District) all expenses incident to the performance of the District's obligations hereunder, including but not limited to the cost of printing, engraving and delivering the Bonds to the Underwriter; the cost of printing, distribution and delivery of all the agreements and documents contemplated hereby (including but not limited to the Preliminary Official Statement and the Official Statement) and drafts of any thereof in reasonable quantities as requested by the Underwriter; the fees and disbursements of the Trustee, Bond Counsel, accountants, appraisers, economic consultants and any other experts or consultants retained by the Authority in connection with the Bonds; [the premiums for the Policy or the Reserve Policy;] CUSIP Service Bureau fees and charges; expenses (included in the expense component of the Underwriter's spread) incurred on behalf of the District's officers or employees which are directly related to the offering of the Bonds, including, but not limited to, meals, transportation, and lodging of those officers or employees; and any other expenses not specifically enumerated in paragraph (b) of this section incurred in connection with the execution of the Bonds.

The Underwriter is required to pay fees to the California Debt and Investment Advisor Commission in connection with the offering of the Bonds. Notwithstanding that such fees are solely the legal obligation of the Underwriter, the Authority agrees to reimburse the Underwriter for such fees.

(b) Whether or not the Bonds are delivered to the Underwriter as set forth herein, the Authority shall be under no obligation to pay, and the Underwriter shall pay, all expenses paid or incurred to qualify the Bonds for sale under any blue sky laws; and all other expenses paid or incurred by the Underwriter in connection with its public offering and distribution of the Bonds not specifically enumerated in paragraph (a) of this section, including the fees and disbursements of its counsel and the fees of Digital Assurance Certification, L.L.C. for a continuing disclosure undertaking compliance review (included in the expense component of the Underwriter's spread) and fees customarily paid by the underwriters of municipal securities, such as the fees payable to the Municipal Securities Rulemaking Board.

8. Notice. Any notice or other communication to be given to the District under this Purchase Contract may be given by delivering the same in writing to Carpinteria Valley Water District, 1301 Santa Ynez Avenue, Carpinteria, California 93013, Attention: General Manager.

Any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to Citigroup Global Markets Inc., 1850 Maple Glen Road, Sacramento, California 95864, Attention: David G. Houston, Managing Director.

9. Entire Agreement. This Purchase Contract, when accepted by the District, shall constitute the entire agreement between the District and the Underwriter and is made solely for the benefit of the District and the Underwriter (including the successors of the Underwriter). No other person shall acquire or have any right hereunder by virtue hereof, except as provided herein. All of the District's representations, warranties and agreements in this Purchase Contract shall remain operative and in full force and effect except as otherwise provided herein, regardless of any investigations made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Bonds.

10. Counterparts. This Purchase Contract may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

11. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof.

12. STATE LAW GOVERNS. THE VALIDITY, INTERPRETATION AND PERFORMANCE OF THIS PURCHASE CONTRACT SHALL BE GOVERNED BY THE LAWS OF THE STATE.

13. No Assignment. The rights and obligations created by this Purchase Contract shall not be subject to assignment by the Underwriter or the District without the prior written consent of the other party hereto.

14. No Advisory or Fiduciary Role. The District acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction between the District and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent or fiduciary of the District, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the District with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the District on other matters) and the Underwriter has no obligation to the District with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract and (iv) the District has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

CITIGROUP GLOBAL MARKETS INC.

By: _____
Managing Director

Accepted as of the date
first stated above:

CARPINTERIA VALLEY WATER DISTRICT

By: _____
General Manager

APPENDIX A

\$ _____
Carpinteria Valley Water District
Refunding Revenue Bonds,
Series 2016A

<u>Maturity</u> (_____)	<u>Initial</u> <u>Principal</u> <u>Amount</u> \$	<u>Accretion</u> <u>Rate</u> %
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