

PURCHASE CONTRACT

\$ _____
UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY
REFUNDING REVENUE BONDS,
SERIES 2011A
(SANTA CLARITA WATER DIVISION)

September __, 2011

Upper Santa Clara Valley Joint Powers Authority
27234 Bouquet Canyon Road
Santa Clarita, California 91350-2173

Castaic Lake Water Agency
27234 Bouquet Canyon Road
Santa Clarita, California 91350-2173

Ladies and Gentlemen:

Citigroup Global Markets Inc., acting on behalf of itself and not as an agent or representative of you (the "Underwriter"), offers to enter into this purchase contract (the "Purchase Contract") with the Castaic Lake Water Agency (the "Agency") and the Upper Santa Clara Valley Joint Powers Authority (the "Authority"), which will be binding upon the Agency, the Authority and the Underwriter upon the acceptance hereof by the Agency and the Authority. This offer is made subject to its acceptance by the Agency and the Authority by execution of this Purchase Contract and its delivery to the Underwriter, on or before [____ 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 Official Statement (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 Agency hereby agrees to cause to be delivered to the Underwriter, all (but not less than all) of \$_____ aggregate principal amount of the Upper Santa Clara Valley Joint Powers Authority Refunding Revenue Bonds, Series 2011A (Santa Clarita Water Division) (the "Series 2011A Bonds"). The Series 2011A Bonds will mature in the amounts and on the dates and bear interest at the rates set forth on Appendix A hereto. The Underwriter will purchase the Series 2011A Bonds for the aggregate purchase price of \$_____ (representing the aggregate principal amount of the Bonds [plus/less] a reoffering [premium/discount] of \$_____ and less an underwriting discount of \$_____).

2. Description and Purpose of the Series 2011A Bonds. The Series 2011A Bonds shall be executed and delivered pursuant to an Indenture of Trust dated as of

July 1, 2011 (the “Indenture”) by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”). The Series 2011A Bonds are special limited obligations of the Authority and are payable solely from Revenues and from certain other amounts on deposit in funds and accounts under the Indenture. Revenues will consist primarily of amounts received by the Authority (the “Series 2011A Installment Payments”) pursuant to the Installment Purchase Agreement dated as of July 1, 2011 (the “Installment Purchase Agreement”), between the Authority and the Agency and all interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture. The obligation of the Agency to make the Series 2011A Installment Payments is a special obligation of the Agency payable solely from Net Retail System Revenues of the Retail Water System (as such terms are defined in the Installment Purchase Agreement) of the Agency. The Series 2011A Bonds shall be as described in the Indenture and the Official Statement dated September __, 2011, relating to the Series 2011A 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”).

The Series 2011A Bonds are being issued (i) to refinance that certain interfund advance of cash (the “Interfund Loan”) made from the Agency’s Wholesale Division to the Santa Clarita Water Division for the acquisition of the Santa Clarita Water Company, and (ii) to pay the costs of issuing the Series 2011A Bonds.

3. Public Offering. The Underwriter agrees to make an initial public offering of all the Series 2011A 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 Series 2011A Bonds, provided that the Underwriter shall not change the interest rates set forth on Appendix A hereto. The Series 2011A 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 Series 2011A 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. Pursuant to the authorization of the Authority and the Agency, the Underwriter has distributed copies of the Preliminary Official Statement dated August __, 2011, relating to the Series 2011A Bonds, which, together with the cover page and appendices thereto, is herein called the “Preliminary Official Statement.” By its acceptance of this proposal, the Authority hereby approves and ratifies the distribution and use by the Underwriter of the Preliminary Official Statement and the Agency hereby approves and ratifies the distribution and use by the Underwriter of Appendices A and B to the Preliminary Official Statement (the “Agency Portion”). The Authority 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 Authority and/or the Agency and the Underwriter, as appropriate, and to provide copies thereof to the Underwriter as set forth in Paragraph 6(a)(xiv) hereof. The Agency and the Authority hereby authorize the

Underwriter to use and distribute, in connection with the offer and sale of the Series 2011A Bonds: the Preliminary Official Statement, the Official Statement, the Indenture, the Installment Purchase Agreement and the Continuing Disclosure Certificate (as hereinafter defined) and other documents or contracts to which the Agency or the Authority 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, certificates and statements furnished by the Agency or the Authority to the Underwriter in connection with the transactions contemplated by this Purchase Contract.

5. The Closing. At [_____ a.m.], California time, on September ____, 2011, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the Agency, the Authority and the Underwriter, the Agency and the Authority will cause to be executed and delivered (i) the Series 2011A Bonds in book-entry form through the facilities of The Depository Trust Company, 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”) in Newport Beach, California or another place to be mutually agreed upon by the Agency, the Authority and the Underwriter. The Underwriter will accept such delivery of the Series 2011A Bonds and pay the purchase price of such Series 2011A Bonds as set forth in Section 1 hereof in immediately available funds to the order of the Agency. This payment for and delivery of the Series 2011A Bonds, together with the execution and delivery of the aforementioned documents, is herein called the “Closing.”

6. (a) Agency Representations, Warranties and Covenants. The Agency represents, warrants and covenants to the Underwriter that:

(i) Due Organization, Existence and Authority. The Agency is an agency 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 Installment Purchase Agreement, and the hereinafter defined Continuing Disclosure Certificate (collectively, the “Agency Documents”) and to carry out and consummate the transactions contemplated by the Agency Documents and the Agency Portion of the Official Statement.

(ii) Due Authorization and Approval. By all necessary official action of the Agency, the Agency has duly authorized and approved the execution and delivery of, and the performance by the Agency of the obligations contained or described in the Agency Portion of the Preliminary Official Statement, the Official Statement and the Agency 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 Agency Document will constitute the legally valid and binding obligation of the Agency 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) Agency Portion of Official Statement Accurate and Complete. The Agency Portion of the Preliminary Official Statement was as of its date, the Agency Portion of 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 Agency Portion of the Preliminary Official Statement and the Agency Portion of 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 or DTC's book-entry system).

(iv) Underwriter's Consent to Amendments and Supplements to Agency Portion of the Official Statement. The Agency will advise the Underwriter promptly of any proposal to amend or supplement the Agency Portion of 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 Agency 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 Agency Portion of the Official Statement in connection with the offering, sale or distribution of the Series 2011A Bonds.

(v) Agency Agreement to Amend or Supplement Agency Portion of the 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 Agency Portion of 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 Series 2011A Bonds to reflect such event, the Agency promptly will prepare at its expense an amendment or supplement which will correct such statement or omission and the Agency 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 “MSRB”). The Underwriter acknowledges that the end of the “underwriting period” will be the date of Closing.

(vi) No Material Change in Finances. Except as otherwise described in the Official Statement, there shall not have been any material adverse changes in the financial condition of the Agency since the end of the fiscal year of its most recent audited financial report.

(vii) No Breach or Default. As of the time of acceptance hereof, (A) the Agency is not in default, nor has it been in default, as to principal or interest with respect to an obligation issued by the Agency, and (B) the Agency is not and will not be, in any manner which would materially adversely affect the transactions contemplated by the Agency Documents, 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 Agency 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 Agency Documents, a default or event of default under any such instrument; and, as of such time, the authorization, execution and delivery of the Agency 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 Agency 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 Agency (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 Agency 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 Agency after due investigation, threatened (A) in any way questioning the corporate existence of the Agency or the titles of the officers of the Agency to their respective offices; (B) affecting, contesting or seeking to prohibit, restrain or enjoin the execution or delivery of any of the Series 2011A Bonds, or in

any way contesting or affecting the validity of the Series 2011A Bonds or the Agency Documents or the consummation of the transactions contemplated thereby, or contesting the exclusion of the interest component of Series 2011A Bonds from gross income for federal income tax purposes or contesting the powers of the Agency to enter into the Agency Documents; (C) which, except as described in the Official Statement, may result in any material adverse change to the financial condition of the Agency or to its ability to pay the Series 2011A Installment Payments when due; or (D) 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 (A) through (D) of this sentence.

(ix) No Prior Liens on Revenues. Other than the obligation of the Agency to make installment payments from the Net Retail System Revenues under that certain Installment Purchase Agreement, dated as of March 1, 2010, by and between the Agency and the Castaic Lake Water Agency Financing Corporation, the Agency does not and will not, as of the date of Closing, have outstanding any other indebtedness which indebtedness is secured by a lien on the Net Retail System Revenues superior to or on a parity with the lien of the Series 2011A Installment Payments on the Net Retail System Revenues.

(x) Further Cooperation: Blue Sky. The Agency 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 (A) to qualify the Series 2011A 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 (B) to determine the eligibility of the Series 2011A 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 Series 2011A Bonds; provided, however, that the Agency 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) Consents and Approvals. All authorizations, approvals, licenses, permits, consents and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required for the due authorization of,

which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Agency of its obligations in connection with, the Agency Documents or the refinancing of the Interfund Loan have been duly obtained or made, except as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Series 2011A Bonds.

(xii) No Other Obligations. Between the date of this Purchase Contract and the date of Closing and except as otherwise disclosed in the Official Statement, the Agency 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 Agency's Retail System Revenues.

(xiii) Series 2011A Bonds. Any certificate signed by any official of the Agency and delivered to the Underwriter shall be deemed to be a representation and warranty by the Agency to the Underwriter as to the statements made therein.

(xiv) Compliance with Rule 15c2-12. The Agency Portion of the Preliminary Official Statement heretofore delivered to the Underwriter has been deemed final by the Agency as of the date of the Preliminary Official Statement, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(i) of Rule 15c2-12. The Authority and Agency hereby covenant and agree that, within seven business days from the date hereof, they 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 MSRB.

(xv) Continuing Disclosure. During the past five years, the Agency has not failed to comply in any material respect with any continuing disclosure undertaking previously entered into by the Agency pursuant to Rule 15c2-12 of the Securities and Exchange Commission. The Agency 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 Certificate is set forth in Appendix G to the Official Statement relating to the Agency.

(b) Authority Representations, Warranties and Covenants. The Authority represents, warrants and covenants to the Underwriter that:

(i) Due Organization, Existence and Authority. The Authority is a joint exercise of powers agency duly organized and existing under the Constitution and laws of the State, with full right, power and authority to execute, deliver and perform its obligations under this Purchase Contract,

the Installment Purchase Agreement, the Indenture and the Official Statement (collectively, the “Authority Documents”) and to carry out and consummate the transactions contemplated by the Authority Documents and the Official Statement, excluding the Agency Portion (the “Authority Portion”).

(ii) Due Authorization and Approval. By all necessary official action of the Authority, the Authority has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations contained or described in the Preliminary Official Statement, the Official Statement and the Authority 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 Authority Document will constitute the legally valid and binding obligation of the Authority 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) Authority Portion of the Official Statement Accurate and Complete. The Authority Portion of the Preliminary Official Statement was as of its date, and the Authority Portion of 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 Authority Portion of the Preliminary Official Statement and the Authority Portion of 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 or DTC’s book-entry system).

(iv) Underwriter’s Consent to Amendments and Supplements to Authority Portion of the Official Statement. The Authority will advise the Underwriter promptly of any proposal to amend or supplement the Authority Portion of 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 Authority 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 Authority Portion of the Official Statement in connection with the offering, sale or distribution of the Series 2011A Bonds.

(v) Authority Agreement to Amend or Supplement Authority Portion of the 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 Authority Portion of 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 the Official Statement should be delivered in connection with the offers or sales of the Series 2011A Bonds to reflect such event, the Authority promptly will prepare at its expense an amendment or supplement which will correct such statement or omission and the Authority shall promptly furnish to the Underwriter a reasonable number of copies of such amendment or supplement.

(vi) Compliance with Rule 15c2-12. The Authority Portion of the Preliminary Official Statement heretofore delivered to the Underwriter has been deemed final by the Authority as of the date of the Preliminary Official Statement, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(i) of Rule 15c2-12. The Authority and Agency hereby covenant and agree that, within seven business days from the date hereof, they 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 MSRB.

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 Agency and the Authority of their respective 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 Agency 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.

(i) Executed Agreements and Performance Thereunder. At the time of the Closing (i) the Agency Documents and the Authority 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 Agency Documents and the Authority Documents, (iii) the Agency shall perform or have performed its obligations required or specified in the Agency Documents to be performed at or prior to Closing, (iv) the Authority shall perform or have performed its obligations required or specified in the Authority Documents to be performed at or prior to Closing, and (v) the Official Statement shall not have been supplemented or amended, except pursuant to Paragraphs 6(a)(iv), 6(a)(v), 6(b)(iv) and 6(b)(v) hereof or as otherwise may have been agreed to in writing by the Underwriter.

(ii) No Default. At the time of the Closing, no default, or any event that with the passage of time would be reasonably likely to result in default, shall have occurred or be existing under the Resolutions, the Authority Documents, the Agency Documents, or any other agreement or document pursuant to which any of the Agency's financial obligations were issued and the Agency shall not be in default in the payment of principal or interest on any of its financial obligations which default would materially adversely impact the ability of the Agency to make the Series 2011A Installment Payments.

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

(i) any event shall occur which causes any statement contained in the Official Statement to be materially misleading or results in a failure of the Official Statement to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading; or

(ii) the marketability of the Series 2011A Bonds or the market price thereof, in the opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of this Purchase Contract in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation 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 the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the

United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any federal or State court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority materially adversely affecting the federal or State tax status of the Agency, or the status of the interest on bonds or notes or obligations of the general character of the Series 2011A Bonds; or

(iii) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Series 2011A Bonds; or

(iv) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official 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 execution, delivery, offering or sale of obligations of the general character of the Series 2011A Bonds, or the execution, delivery, offering or sale of the Series 2011A Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Series 2011A Bonds, or the Series 2011A Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Indenture needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(v) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which restrictions materially adversely affect the Underwriter's ability to market, sell or trade the Series 2011A Bonds; or

(vi) a general banking moratorium shall have been established by federal or state authorities or any material disruption in commercial banking or securities settlement or clearance services shall have occurred which moratorium or disruption materially adversely affects the Underwriter's ability to market or deliver the Series 2011A Bonds; or

(vii) the United States has become engaged in hostilities which have resulted in a declaration of war or a national emergency or there has occurred any other outbreak or escalation of currently existing hostilities

or a national or international calamity or crises, financial or otherwise, the effect of such outbreak, escalation, calamity or crisis on the financial markets of the United States, being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market or deliver the Series 2011A Bonds; or

(viii) any rating of the securities of the Agency reflecting the creditworthiness of the Agency shall have been downgraded, suspended or withdrawn by a national rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Series 2011A Bonds; or

(ix) the commencement of any action, suit or proceeding described in Paragraph 6(a)(viii) hereof which, in the reasonable judgment of the Underwriter, materially adversely affects the market price of the Series 2011A Bonds; or

(x) there shall be in force a general suspension of trading on the New York Stock Exchange.

(c) Closing Documents. At or prior to the Closing, the Underwriter shall receive with respect to the Series 2011A Bonds the following documents:

(i) Series 2011A Bonds Opinion. An approving opinion of Bond Counsel dated the date of the Closing and substantially in the form included as Appendix E 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 Authority 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 Agency and, assuming due authorization, execution and delivery by the other parties thereto is a valid and binding agreement of the Agency 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 PROVISIONS,” and “TAX MATTERS” and in Appendix D and Appendix E thereto, insofar as such statements purport to summarize certain provisions of the Series 2011A Bonds, the Indenture, the Installment Purchase Agreement, State law and Bond Counsel’s opinions concerning certain federal tax matters relating to the Series 2011A Bonds, present a fair and accurate summary of such provisions.

(iii) Agency Counsel Opinion. An opinion of Kidman, Behrens & Tague, LLP, general counsel to the Agency, 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 Agency is an agency duly organized and validly existing under the Constitution and the laws of the State;

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

(C) Except as otherwise disclosed in the Official Statement, to the best of its knowledge and without having undertaken to determine independently the extent or nature of the Agency’s financial obligations, nothing has come to its knowledge that as of the date of Closing the Agency has any outstanding indebtedness which indebtedness is secured by a lien on the Net Retail System Revenues superior to or on a parity with the lien of its respective Installment Payments on such Net Retail System Revenues;

(D) The resolutions of the Agency approving and authorizing the execution and delivery of the Agency Documents, and approving the Agency Portion of the Official Statement, have been duly adopted at meetings of the governing body of the Agency, which were 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 resolutions are in full force and effect and have not been modified, amended or rescinded;

(E) To the best of its knowledge, and without having undertaken to determine independently the extent or nature of the Agency's legal and contractual obligations, nothing has come to its knowledge that the execution and delivery of the Agency 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 Agency Documents conflict with, or constitute, or with the giving of notice or the passage of time would constitute, on the part of the Agency a breach of or default under, any material agreement or other instrument to which the Agency is a party or by which it is bound (as determined by reference to a certificate of the Agency identifying material agreements and instruments) or any existing law, administrative rule, regulation, order, decree, judgment, license or permit to which the Agency is subject (excluding, however, any opinion as to compliance with any applicable federal securities laws); or by which the Agency or any of its property is bound;

(F) The Agency Portion of the Official Statement has been prepared by, or on behalf of, the Agency under the supervision of the Agency's General Manager;

(G) Based on the information made available in its role as general counsel to the Agency, 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 and relating to the Agency under the captions "INTRODUCTION," "THE REFUNDING PLAN" and in Appendix A and Appendix B 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) 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 Agency to enter into the Agency Documents or to perform its obligations thereunder;

(I) Based on information made available to such counsel in its role as general counsel to the Agency, such counsel 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 such counsel's best knowledge, threatened, against the Agency challenging the creation, organization or existence of the Agency, or the validity of the Agency Documents or seeking to restrain or enjoin the Series 2011A Installment Payments or in any way contesting or affecting the validity of the Agency Documents or any of the transactions referred to therein or contemplated thereby or contesting the authority of the Agency to enter into or perform its obligations under any of the Agency Documents, or under which a determination adverse to the Agency would have a material adverse effect upon the financial condition or the revenues of the Agency, or which, in any manner, questions or affects the right or ability of the Agency to enter into the Agency Documents or affects in any manner the right or ability of the Agency to make the Series 2011A Installment Payments; and

(J) Based on the information made available to such counsel in its role as general counsel to the Agency, and without having undertaken to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Agency Portion of the Official Statement, nothing has come to such counsel's attention which would lead it 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) Authority Counsel Opinion. An opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, special counsel to the Authority, 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 Authority is a joint exercise of powers agency, duly created and lawfully existing under the laws and Constitution of the State;

(B) The Authority Documents have been authorized by all necessary corporate action on the part of the Authority, have been duly executed and delivered by the Authority and, assuming due authorization, execution and delivery by the other parties thereto, the Authority Documents constitute legally valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms, except as

enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws or equitable principles relating to or limiting creditors' rights generally or by the exercise of judicial discretion in appropriate cases or by limitations or legal remedies against public agencies in the State, and expressing no opinion as to the availability of equitable remedies;

(C) To the best of such counsel's knowledge after due inquiry, the execution and delivery or acknowledgment of the Authority Documents and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not conflict with any existing law, regulation, court order or consent decree to which the Authority is subject or constitute on the part of the Authority a breach of or default under any agreement or other instrument to which the Authority is a party or by which it is bound;

(D) The Authority Portion of the Official Statement has been prepared by, or on behalf of, the Authority and the Official Statement has been executed on its behalf by the President of the Authority's Board of Directors; and

(E) Based on the information made available to such counsel, 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 and relating to the Authority under the captions "INTRODUCTION," "THE AUTHORITY" and "LITIGATION—The Authority" 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.

(v) Trustee Counsel Opinion. The opinion of counsel to the Trustee, dated the date of the Closing, addressed to the Agency and the Underwriter, to the effect that:

(A) The Trustee is a national banking association duly organized and validly existing under the laws of the jurisdiction of its origin and has the corporate power to execute and deliver the Indenture and to perform its obligations under the Indenture;

(B) The execution and delivery by the Trustee of the Indenture and any other documentation relating to the Indenture and its performance of its obligations under the Indenture, have been and are as of the date hereof duly authorized by all necessary corporate action;

(C) No approval, authorization or other action by, or filing with, any governmental body or regulatory authority (which has not been obtained) is required in connection with the due execution, delivery and performance by the Trustee of the Indenture; and

(D) The Indenture has been duly executed and delivered and constitutes the valid and legally binding obligation of the Trustee enforceable against it in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought as a proceeding in equity or at law).

(vi) 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 Series 2011A 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 Agency and the Authority and Bond 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 Series 2011A 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 (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 DTC and its book-entry system

and (iii) the information contained in Appendix C, E or F 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.

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

(A) The representations, warranties and covenants of the Agency 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 Agency has complied with all of the terms and conditions of the Purchase Contract required to be complied with by the Agency at or prior to the date of the closing;

(B) No event affecting the Agency 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 in the Agency Portion of the Official Statement, in the light of the circumstances under which they were made, not misleading (except no representation is made with respect to information relating to DTC or DTC's book-entry system); 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 Agency Documents.

(viii) Authority Certificate. A certificate of the Authority, dated the date of the Closing, signed on behalf of the Authority by a duly authorized officer of the Authority to the effect that:

(A) The representations, warranties and covenants of the Authority 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 Authority has complied with all of the terms and conditions of the Purchase Contract required to be complied with by the Authority at or prior to the date of the closing;

(B) No event affecting the Authority 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 in the Authority Portion of the Official Statement, in the light of the circumstances under which they were made, not misleading (except no representation is made with respect to information relating to DTC or DTC's book-entry system); 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 Authority Documents.

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

(A) The Trustee 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 Indenture;

(B) The Trustee is duly authorized to enter into the Indenture and has duly executed and delivered the Indenture, and assuming due authorization and execution by the other parties thereto, the Indenture is legal, valid and binding upon the Trustee, and enforceable against the Trustee in accordance with its terms;

(C) The Trustee had duly executed the Series 2011A Bonds under the Indenture and delivered the Series 2011A 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 the Trustee that has not been obtained is or will be required for the execution and delivery of the Series 2011A Bonds or the consummation by the Trustee of its obligations under the Indenture.

(x) Transcripts. Two transcripts of all proceedings relating to the authorization, execution and delivery of the Series 2011A Bonds.

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

(xii) Documents. An original executed copy of each of the Authority Documents and each of the Agency Documents.

(xiii) Agency Resolutions. Two certified copies of each of the resolutions of the Agency authorizing the Agency Documents, certified by the Secretary for the Agency.

(xiv) Authority Resolution. Two certified copies of the Authority Resolution, certified by the Secretary or Assistant Secretary of the Authority.

(xv) Trustee Resolution. Two certified copies of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers and employees of the Trustee, which resolution authorizes the execution and delivery of the Indenture.

(xvi) 15c2-12 Certificates of the Agency and the Authority. Certificates of the Agency and the Authority “deeming final” the Preliminary Official Statement for purposes of Rule 15c2-12.

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

(xviii) Tax Certificate. A tax certificate in form satisfactory to Bond Counsel.

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

(xx) Ratings. Evidence from Standard & Poor’s Ratings Services that the Series 2011A Bonds have been assigned a rating of “_____.”

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

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

If the Agency or the Authority 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, the Agency nor the Authority shall be under further obligation hereunder, except as further set forth in Section 8 hereof.

8. Expenses. The Underwriter shall be under no obligation to pay and the Agency shall pay or cause to be paid the expenses incident to the performance of the obligations of the Agency hereunder including but not limited to (a) the costs of the preparation and printing, or other reproduction (for distribution on or prior to the date hereof) of the Agency Documents and the Authority Documents and the cost of preparing, printing, issuing and delivering the Series 2011A Bonds; (b) the fees and disbursements of any counsel, financial advisors, accountants or other experts or

consultants retained by the Agency and the Authority; (c) the fees and disbursements of Bond Counsel and General Counsel of the Agency and the Authority; (d) the fees and disbursements of the rating agencies; (e) the cost of printing and distributing the Preliminary Official Statement and any supplements and amendments thereto and the cost of printing and distributing the Official Statement and any supplements and amendments thereto, including a reasonable number of copies thereof for distribution by the Underwriter; (f) CUSIP Service Bureau fees and charges; (g) Trustee fees; and (h) expenses (included in the expense component of the Underwriter's spread) incurred on behalf of the officers or employees of the Agency and the Authority which are incidental to implementing this Purchase Contract, including, but not limited to, meals, transportation, lodging, and entertainment of those officers or employees.

The Underwriter shall pay and the Agency shall be under no obligation to pay all expenses incurred by it in connection with the public offering and distribution of the Series 2011A Bonds, including any advertising expenses and fees of counsel to the Underwriter, and the Underwriter shall pay any costs and expenses incurred in connection with the preparation and distribution of any blue sky surveys or any legal investment memoranda and the costs and fees of counsel to the Underwriter.

9. Notice. Any notice or other communication to be given to the Agency under this Purchase Contract may be given by delivering the same in writing to:

Castaic Lake Water Agency,
27234 Bouquet Canyon Road
Santa Clarita, California 91350-2173
Attention: General Manager

Any notice or other communication to be given to the Authority under this Purchase Contract may be given by delivering the same in writing to:

Upper Santa Clara Valley Joint Powers Authority
27234 Bouquet Canyon Road
Santa Clarita, California 91350-2173
Attention: Executive Director

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

10. Entire Agreement. This Purchase Contract, when accepted by the Agency and the Authority, shall constitute the entire agreement among the Agency, the Authority and the Underwriter with respect to the subject matter hereof and is made solely for the benefit of the Agency, the Authority 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 representations, warranties and agreements of the Agency and the Authority 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 Series 2011A Bonds.

11. No Advisory or Fiduciary Role. The Agency and Authority acknowledge and agree that (i) the purchase and sale of the Series 2011A Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction among the Agency, the Authority 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, advisor or fiduciary of the Agency or the Authority, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Agency or the Authority 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 Agency and the Authority on other matters) and the Underwriter has no obligation to the Agency or the Authority with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract and (iv) the Agency and Authority have consulted their own legal, financial and other advisors to the extent deemed appropriate.

12. 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.

13. 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 provision hereof.

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

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

CITIGROUP GLOBAL MARKETS INC.

By: _____
David G. Houston, Managing Director

Accepted as of the date
first stated above:

CASTAIC LAKE WATER AGENCY

By: _____
General Manager

UPPER SANTA CLARA VALLEY JOINT
POWERS AUTHORITY

By: _____
Executive Director

APPENDIX A

\$ _____

UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY
REFUNDING REVENUE BONDS, SERIES 2011A
(SANTA CLARITA WATER DIVISION)

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