

**\$18,570,000**  
**CERTIFICATES OF PARTICIPATION**  
**(2016 Financing Project)**  
**Evidencing the Direct, Undivided Fractional Interests of the**  
**Owners Thereof in Installment Payments to be Made by the**  
**MID-PENINSULA WATER DISTRICT**  
**(San Mateo County, California)**  
**As the Purchase Price for Certain Property Pursuant to an**  
**Installment Sale Agreement with the**  
**Public Property Financing Corporation of California**

**GOOD FAITH DEPOSIT CUSTODY AGREEMENT**

This Agreement, dated December 7, 2016, has been entered into by and between the MID-PENINSULA WATER DISTRICT (the "District") and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. (the "Custodian"). The District has appointed the Custodian to act as custodian for monies received by the District as "good faith deposit" in accordance with the terms of the Official Notice of Sale with respect to the sale of the above-captioned certificates of participation (the "Certificates"). This Agreement sets out the terms and conditions of said appointment.

The District and the Custodian agree as follows:

1. The Custodian has received from Citigroup Global Markets Inc., the purchaser of the Certificates, a good faith deposit of \$200,000. The Custodian shall deposit the funds in a custody account (the "Good Faith Funds Deposit Account") established with the Custodian.
2. The Custodian shall hold and invest the funds in accordance with the written instructions of the District. The Custodian shall not be liable for the selection of investments or for investment losses incurred thereon. The Custodian may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by the District. Absent written instructions, the Custodian shall hold funds uninvested.
3. The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmation of security transactions as they occur, at no additional cost, the District specifically waives receipt of such confirmations to the extent permitted by law.
4. On December 21, 2016, the date of delivery of the Certificates, the Custodian shall transfer all amounts in the Good Faith Funds Deposit Account as specified in that certain Indenture of Trust, dated as of December 1, 2016, by and between the District and the Custodian, as trustee.
5. This Agreement will terminate upon delivery of the Certificates or earlier, as the District shall direct the Custodian in writing.
6. Any balances remaining in this account upon termination shall be withdrawn and transferred to or as directed by the District.

7. The liability of the Custodian is limited to the duties as specifically set forth in this Agreement, which shall be redeemed purely ministerial in character, and no implied covenants or obligations shall be read into this Agreement against the Custodian. The Custodian will not be liable for any action taken or omitted to be taken by it under this Agreement or in connection herewith except to the extent caused by the Custodian's gross negligence or willful misconduct. Anything in this Agreement to the contrary notwithstanding, in no event shall the Custodian be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Custodian has been advised of the likelihood of such loss or damage and regardless of the form of action.

8. None of the provisions of this Agreement shall require the Custodian to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder. The Custodian may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Custodian may consult with counsel and the advice or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken or omitted by it hereunder in good faith and in accordance with such advice or opinion of counsel. The Custodian may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

9. The Custodian shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Agreement and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Custodian, or another method or system specified by the Custodian as available for use in connection with its services hereunder); provided, however, that the District shall provide to the Custodian an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the District whenever a person is to be added or deleted from the listing. If the District elects to give the Custodian Instructions using Electronic Means and the Custodian in its discretion elects to act upon such Instructions, the Custodian's understanding of such Instructions shall be deemed controlling. The District understand and agree that the Custodian cannot determine the identity of the actual sender of such Instructions and that the Custodian shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Custodian have been sent by such Authorized Officer. The District shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Custodian and that the District and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District. The Custodian shall not be liable for any losses, costs or expenses arising directly or indirectly from the Custodian's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The District agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Custodian, including without limitation the risk of the Custodian acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Custodian and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District, as applicable; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions

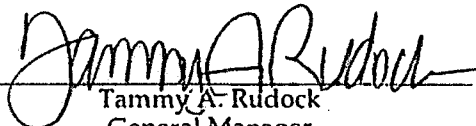
provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Custodian immediately upon learning of any compromise or unauthorized use of the security procedures.

10. To the extent permitted by law, the District hereby agrees to indemnify and hold harmless the Custodian and its officers, directors, agents, and employees from and against any and all costs, claims, liabilities, losses, or damages whatsoever (including reasonable costs and fees of counsel, auditors or other experts), asserted or arising out of or in connection with the acceptance or administration of this Agreement, except costs, claims, liabilities, losses, or damages resulting from the gross negligence or willful misconduct of the Custodian including the reasonable costs and expenses (including the reasonable fees and expenses of its counsel) of defending itself against any such claim or liability in connection with its exercise or performance of any of its duties hereunder and of enforcing this indemnification provision. The indemnifications set forth herein shall survive the termination of this Agreement and/or the resignation or removal of the Custodian.

11. This Agreement shall be governed under the laws of the state of California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective authorized officers thereunto duly authorized.

MID-PENINSULA WATER DISTRICT

By   
Tammy A. Rudock  
General Manager

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

By   
Valere Di Boyd  
Vice President