

Livermore-Amador Valley Water Management Agency

Disclosure Policies and Procedures

Approved By the Board of Directors May 19, 2021

Article I *General*

These Disclosure Policies and Procedures (the “**Disclosure Procedures**”) of the Livermore-Amador Valley Water Management Agency (the “**Agency**”) are intended to ensure that the Agency is in compliance with all applicable federal and state securities laws.

The Agency is a joint exercise of powers authority and was created on June 18, 1974 by a Joint Exercise of Powers Agreement, most recently in the form of an Amended and Restated Joint Exercise of Powers Agreement for the Livermore-Amador Valley Water Management Agency, dated September 10, 1997, among the following public agencies (the “**Members**”):

- Dublin San Ramon Services District (“**DSRSD**”)
- City of Pleasanton (“**Pleasanton**”)
- City of Livermore (“**Livermore**”).

The Agency owns, operates and maintains certain facilities for wastewater disposal that benefit the Members and their wastewater enterprises.

The Agency periodically issues securities to provide financing for its facilities, and the debt service is paid from payments made by the Members in consideration for the services provided to them by the Agency. The Members make these payments under a sewer service contract, and pledge net revenues of their wastewater enterprises as security for their payment obligations.

Article II *Disclosure Coordinator*

The Treasurer of the Agency shall be the disclosure coordinator of the Agency (the “**Disclosure Coordinator**”).

Article III *Review and Approval of Official Statements*

Review of Agency Information. The Disclosure Coordinator shall review any Official Statement prepared in connection with any debt issuance by the Agency in order to ensure there are no misstatements or omissions of “material information” (as defined for purposes of federal securities laws) in any sections that contain descriptions of information prepared by the Agency.

Request for Member Information. The Disclosure Coordinator shall ask the Members to provide material information about their wastewater enterprises, and will ask a representative of each Member to certify that there are no misstatements or omissions of material information in any sections that contain descriptions of information prepared by such Member.

Consultation with Third Parties. The Disclosure Coordinator shall consult with third parties, including outside professionals assisting the Agency, to the extent that the Disclosure Coordinator concludes they should be consulted so that the Official Statement will include all material information.

Review and Approval by the General Manager and Board of Directors. As part of the review process, the Disclosure Coordinator shall submit all Official Statements to the General Manager of the Agency and the Board of Directors for approval. The cover letter used by the Disclosure Coordinator to submit the Official Statements to the Board of Directors shall be in substantially the form of Exhibit A.

The approval of an Official Statement by the Board of Directors shall be docketed as a new business matter and shall not be approved as a consent item. The Board of Directors shall undertake such review as deemed necessary by the Board of Directors, following consultation with the Disclosure Coordinator, to fulfill the Board of Directors' responsibilities under applicable federal and state securities laws. In this regard, the Disclosure Coordinator shall consult with the Agency's disclosure counsel to the extent the Disclosure Coordinator considers appropriate.

Review and Approval by the Members. As part of the review process, the Disclosure Coordinator shall require the Members to submit the portions of any Official Statements containing information relating to the Members to the legislative bodies of such Members for approval. The Disclosure Coordinator shall encourage the Members' staffs to submit the Official Statements to the Members' legislative bodies using a staff report in substantially the form of Exhibit A.

The Disclosure Coordinator shall take reasonable efforts to ensure that the approval of the Official Statement by the Members' legislative bodies shall be docketed as a new business matter and shall not be approved as a consent item. In this regard, the Disclosure Coordinator shall consult with the Agency's disclosure counsel to the extent the Disclosure Coordinator considers appropriate.

Records. The Disclosure Coordinator shall retain a record of the actions taken by the Agency and the Members to prepare, check and approve each Official Statement.

Article IV ***Continuing Disclosure Filings***

General. In connection with the Agency's debt offerings, the Agency and the Members will enter into separate continuing disclosure undertakings.

Under the continuing disclosure undertakings that the Agency has entered into, the Agency is required each year to file annual reports with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system in accordance with such undertakings. Such annual reports are required to include certain updated financial and operating information, and the Agency's audited financial statements.

The Agency is also required under its continuing disclosure undertakings to file notices of certain events with EMMA.

Procedures for Complying with Continuing Disclosure Undertakings. The Disclosure Coordinator is responsible for establishing a system (which may involve the retention or one or more consultants) by which:

- (i) the Agency will make the annual filings required by its continuing disclosure undertakings on a complete and timely basis, and
- (ii) the Agency will file notices of enumerated events on a timely basis.

In connection with preparation of annual reports and event filings, the Disclosure Coordinator shall consult with third parties, including outside professionals assisting the Agency, and all members of Agency staff, to the extent that the Disclosure Coordinator concludes they should be consulted so the annual report and event filings will include all "material" information.

As part of the review process, the Disclosure Coordinator shall submit all annual reports and event filings to the General Manager of the Agency for approval.

Procedures Related to "Financial Obligations". Effective February 27, 2019, the General Manager will provide written notice to the Disclosure Coordinator of receipt by the Agency of a notice of any default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Agency, any of which reflect financial difficulties of the Agency (collectively, a "Potentially Reportable Event"). Such written notice should be provided by the General Manager to the Disclosure Coordinator as soon as the General Manager is placed on written notice by Agency consultants, or external parties of such event or receives written notice of such event so that the Disclosure Coordinator can determine, with the assistance of bond counsel, whether notice of such Potentially Reportable Event is required to be filed on EMMA pursuant to a continuing disclosure undertaking of the Agency. If filing on EMMA is required, the filing is due within 10 business days of such Potentially Reportable Event to comply with a continuing disclosure undertaking of the Agency.

The General Counsel, General Manager or other executive officers of the Agency's administrator, Dublin San Ramon Services District, (i.e. General Manager, Operations Manager, Finance Director, the District Secretary, or other executive positions within the District), as applicable, will report to the Disclosure Coordinator the execution by the Agency of any agreement or other obligation which might constitute a "financial obligation" for purposes of Rule 15c2-12 and which is entered into after February 27, 2019. Amendments to existing Agency agreements or obligations with "financial obligations" which relate to covenants, events

of default, remedies, priority rights, or other similar terms should be reported to the Disclosure Coordinator as well as soon as General Counsel or such other senior staff is placed on written notice by Agency staff, consultants, or external parties of such event or receives a written notice of such amendment requests. Notice to the Disclosure Coordinator is necessary so that the Disclosure Coordinator can determine, with the assistance of bond counsel, whether such agreement or other obligation constitutes a material “financial obligation” for purposes of Rule 15c2-12. If such agreement or other obligation is determined to be a material “financial obligation” or a material amendment to a “financial obligation” described above, notice thereof would be required to be filed on EMMA within 10 business days of execution or incurrence. The types of agreements or other obligations which could constitute “financial obligations” and which could need to be reported on EMMA are listed below.

Types of agreement or other obligations which are likely to be “financial obligations” under the Rule include:

- (i) Bank loans or other obligations which are privately placed;
- (ii) State or federal loans;
- (iii) Commercial paper or other short-term indebtedness for which no offering document has been filed on EMMA;
- (iv) Letters of credit, surety policies or other credit enhancement with respect to the Agency’s publicly offered debt;
- (v) Letters of credit, including letters of credit which are provided to third parties to secure the Agency’s obligation to pay or perform (an example of this is a standby letter of credit delivered to secure the Agency’s obligations for performance under a mitigation agreement);
- (vi) Capital leases for property, facilities, fleet or equipment; and
- (viii) Agreements which guarantee the payment or performance obligations of a third party (regardless of whether the agreements constitute guarantees under California law).

Types of agreements which could be a “financial obligation” under the Rule include:

- (i) Payment agreements which obligate the Agency to pay a share of another public entity’s debt service (for example, an agreement with a joint powers district whereby the Agency agrees to pay a share of the joint powers district’s bonds, notes or other obligations);
- (ii) Service contracts with a public district or a private party pursuant to which the Agency is obligated to pay a share of such public district or private party’s debt service obligation (for example, certain types of P3 arrangements);
- (iii) Water purchase, water banking or other similar agreements pursuant to which the Agency is obligated to pay amounts expressly tied to the other party’s debt service obligations, regardless of whether service is provided or not; and
- (iv) Water purchase, water banking or similar agreements which include a rate component that expressly passes through debt service or capital obligation of the other party.
- (v) Any agreement the payments under which are not characterized as operation and maintenance expenses for accounting purposes if such agreement could be characterized as the borrowing of money.

Recordkeeping. The Disclosure Coordinator shall retain a record of the actions taken to prepare, check and approve each annual report and event filing.

Responsibility for Members. The Agency will assume no responsibility for ensuring the compliance by the Members with their continuing disclosure undertaking.

Article V
Public Statements Regarding Financial Information; Website

Whenever the Agency makes statements or releases information relating to its finances to the public that are reasonably expected to reach investors and the trading markets, the Agency is obligated to ensure that such statements and information are complete, true, and accurate in all material respects.

The Agency shall include a disclaimer on the Agency website:

“No information on the Agency’s website is intended to be the basis of or should be relied upon in making an investment decision. The information on this website is not posted for the purpose of reaching the investing public, including bondholders, rating analysts, investment advisors, or any other members of the investment community. Because each security issued by the Agency or its related entities may involve different sources of payment and security, you should refer for additional information to the official statement and continuing disclosure filings for the particular security, which can be found on the Municipal Security Rulemaking Board’s Electronic Municipal Market Access website: <https://emma.msrb.org/>.”

Article VI
Training

The Disclosure Coordinator shall ensure that the members of the Agency staff involved in the initial or continuing disclosure process and the Board of Directors are properly trained to understand and perform their responsibilities.

The Disclosure Coordinator shall arrange for disclosure training sessions conducted by the Agency’s disclosure counsel prior to the issuance of any public offered debt. Such training sessions shall include education on these Disclosure Procedures, the Agency’s disclosure obligations under applicable federal and state securities laws and the disclosure responsibilities and potential liabilities of members of the Agency’s staff and members of the Board of Directors. Such training sessions may be conducted using a recorded presentation.

Article VII
Updates to Disclosure Procedures

The Disclosure Coordinator shall review the Disclosure Procedures annually and propose updates to the Disclosure Procedures as needed to address changes, including but not limited to changes in the Agency’s debt management program, financial reporting processes, or

organizational structure. In addition, at any time all officers and employees of the Agency are invited and encouraged to make recommendations for changes to these Disclosure Procedures so that they foster better compliance with applicable law, result in better information to investors, or makes the procedures required by these Disclosure Procedures more efficient. Following receipt of any such recommendation, the Disclosure Coordinator shall consult with third parties, including outside professionals assisting the Agency and members of Agency staff, where appropriate, and shall determine whether such recommendation should be submitted as a proposal to the General Manager.

Upon receipt of a proposal from the Disclosure Coordinator, the General Manager shall approve and implement any change to these Disclosure Procedures that is proposed by the Disclosure Coordinator if it does not change the fundamental policies or procedures established by these Disclosure Procedures and it is determined by the General Manager to be advisable. Any proposal that changes the fundamental policies or procedures established by these Disclosure Procedures will require Board of Directors approval

Article VIII
Documenting Compliance

The Disclosure Coordinator is responsible for establishing a system (which may involve the retention or one or more consultants) by which compliance with these Disclosure Procedures is documented.

Article IX
Waiver of Procedures

The Disclosure Coordinator may, after consultation with disclosure counsel and with the approval of the General Manager, depart from this Disclosure Policy when he or she in good faith determines that such departure is in the best interests of the Agency and is consistent with the duties of the Agency under federal and state securities laws.

Article X
Internal Use Only

These Disclosure Procedures are intended for the internal use of the Agency only and are not intended to establish any duties in favor of or rights of any person other than the Agency.

EXHIBIT A

Form of Staff Report

To: Members of the Board of Directors
[General Manager]

From: [Disclosure Coordinator]

Date: _____

This Staff Report relates to the proposed issuance of _____ (the “Obligations”) by the Agency. The Board of Directors is asked to approve issuance of the Obligations and all related documents. The near-final versions of these documents are attached.

The attached Preliminary Official Statement has been reviewed and approved for transmittal to the Board of Directors by the Agency’s financing team. The distribution of the Preliminary Official Statement by the Agency is subject to federal securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934. These laws require the Preliminary Official Statement to include all facts that would be material to an investor in the Obligations. Material information is information that there is a substantial likelihood would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell the Obligations. If the Board of Directors concludes that the Preliminary Official Statement includes all facts that would be material to an investor in the Obligations, it must adopt a resolution that authorizes staff to execute a certificate to the effect that the Preliminary Official Statement has been “deemed final.”

The Securities and Exchange Commission (the “SEC”), the agency with regulatory authority over the Agency’s compliance with the federal securities laws, has issued guidance as to the duties of the Board of Directors with respect to its approval of the Preliminary Official Statement. In its “Report of Investigation in the Matter of County of Orange, California as it Relates to the Conduct of the Members of the Board of Supervisors” (Release No. 36761 / January 24, 1996) (the “Release”), the SEC indicated that, if a member of the Board of Directors has knowledge of any facts or circumstances that an investor would want to know about prior to investing in the Obligations, whether relating to their repayment, tax-exempt status, undisclosed conflicts of interest with interested parties, or otherwise, he or she should endeavor to discover whether such facts are adequately disclosed in the Preliminary Official Statement. In the Release, the SEC indicated that the steps that a member of the Board of Directors could take include becoming familiar with the Preliminary Official Statement and questioning staff and consultants about the disclosure of such facts.

Set forth below is a summary of the financing, including cross-references to specific sections of the Preliminary Official Statement.

Section 1. Purpose of Financing.

Section 2. *Documents for Approval; Security for the Obligations.*

Section 3. *Risks Relating to Repayment and Tax-Exempt Status of the Obligations.*

Section 4. *Requested Approvals.*