



**ADJOURNED REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF THE LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY
Wednesday, July 21, 2021, 6:00 p.m.**

Due to Shelter in Place Orders, this meeting will be conducted via teleconference.

Meeting participants and the public may participate through computer video and audio by clicking on the following link:

<https://us02web.zoom.us/j/83531133920>

We recommend using your full name to log in for the meeting for ease of identification and recordkeeping purposes.

Meeting ID: 835 3113 3920

**One tap mobile if using audio only from a telephone and not a computer
+1 669 900 9128 83531133920# US (San Jose)**

See below for additional info on participation procedures.

- 1. Call to Order**
- 2. Pledge of Allegiance**
- 3. Roll Call**
- 4. Order of Agenda/Acknowledgement of Posting**
(The agenda may be re-ordered by motion of the Board. The agenda has been posted virtually on the Agency's website and, to the extent possible under the circumstances, physically in the display case outside the DSRSD Building, Pleasanton City Hall and Livermore City Hall at least 72 hours prior to a regular meeting and 24 hours prior to a special meeting.)

A. Notice of Adjournment from the Regular Board Meeting of May 19, 2021.
(A copy of the Notice of Adjournment dated May 19, 2021 to continue the meeting to July 21, 2021 is attached for reference.)
- 5. Public Comment**
(See text in box below for information on how to observe and submit public comments.)
- 6. Adopt Resolution Authorizing the Issuance of 2021 Sewer Revenue Refunding Bonds; Authorizing and Directing Execution of an Indenture of Trust, Second Amended and Restated Sewer Service Contract, Escrow**

Information

Deposit and Trust Agreement and Bond Purchase Agreement; Authorizing the Negotiated Sale of Bonds; Approving an Official Statement; and Authorizing Related Documents and Actions

(The Board will consider Adopting a Resolution Authorizing the Issuance of 2021 Sewer Revenue Refunding Bonds; Authorizing and Directing Execution of an Indenture of Trust, Second Amended and Restated Sewer Service Contract, Escrow Deposit and Trust Agreement and Bond Purchase Agreement; Authorizing the Negotiated Sale of Bonds; Approving an Official Statement; and Authorizing Related Documents and Actions)

Information 7. Matters From/For Board Members

(Board members may make brief announcements or reports on his or her own activities, pose questions for clarification, and/or request that items be placed on a future agenda. Except as authorized by law, no other discussion or action may be taken.)

8. Next Regular Board Meeting, Wednesday, August 18, 2021, 6:00 p.m.

9. Adjournment

IMPORTANT NOTICE REGARDING COVID-19 AND TELECONFERENCED MEETINGS:

Due to shelter in place mandates issued by the Governor in Executive Order 33-20 and the County Public Health Officer, to minimize the spread of the coronavirus, please note the following changes to LAVWMA's ordinary meeting procedures:

- LAVWMA's facilities are not open to the public during this emergency.
- The meeting will be conducted via teleconference. (See Executive Order 29-20)
- All members of the public seeking to observe and/or to address the Board may participate in the meeting telephonically in the manner described below.

HOW TO PARTICIPATE IN THE MEETING:

For both audio and video through a computer, click on the following link:

<https://us02web.zoom.us/j/88372038419> Meeting ID: 883 7203 8419

For audio only via telephone, dial 1 669 900 9128 then enter the following code 88372038419#

NOTE: This is a public meeting that can be heard live by any member of the public. It may be recorded to facilitate taking meeting minutes.

HOW TO SUBMIT PUBLIC COMMENTS:

Written / Read Aloud: Please email your comments to info@lavwma.com, write "Public Comment" in the subject line. In the body of the email, include the agenda item number and title, as well as your comments. If you would like your comment to be read aloud at the meeting (not to exceed three (3) minutes at staff's cadence), prominently write "Read Aloud at Meeting" at the top of the email. All comments received before 12:00 PM the day of the meeting will be included as an agenda supplement on LAVWMA's website under the relevant meeting date and provided to the Directors at the meeting. Comments received after this time will be treated as concurrent comments.

Concurrent Comments: During the meeting, the Board Chair or designee will announce the opportunity to make public comments and identify the cut off time for submission. A short recess (generally less than 5 minutes) will take place during the time public comment is open to allow the comments to be collected, unless it is clear no member of the public is participating. Please email your comments to info@lavwma.com, write "Public Comment" in the subject line. In the body of the email, include the agenda item number and title, as well as your comments. Once the public comment period is closed, all

comments timely received will be read aloud. Comments received after the close of the public comment period will be added to the record after the meeting.

ACCESSIBILITY INFORMATION:

Board Meetings are accessible to people with disabilities and others who need assistance. Individuals who need special assistance or a disability-related modification or accommodation (including auxiliary aids or services) to observe and/or participate in this meeting and access meeting-related materials should contact Chuck Weir, General Manager, as soon as possible but at least 72 hours before the meeting at (925)-875-2202 or info@lavwma.com. Advanced notification will enable LAVWMA to swiftly resolve such requests to ensure accessibility.

PUBLIC RECORDS:

Public records that relate to any item on the open session agenda for a meeting are available for public inspection. Those records that are distributed after the agenda posting deadline for the meeting are available for public inspection at the same time they are distributed to all or a majority of the members of the Board. The Board has designated LAVWMA's website located at http://lavwma.com/agency_meetings.php as the place for making those public records available for inspection. The documents may also be obtained by contacting the General Manager.

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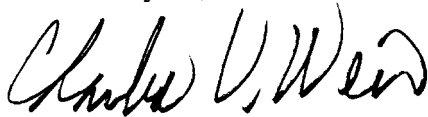
Notice of Adjournment
Livermore-Amador Valley Water Management Agency Board of Directors
Regular Meeting

Please take notice that the Regular Board Meeting of Wednesday, May 19, 2021, is hereby adjourned to Wednesday, July 21, 2021, at 6:00 p.m.

Due to shelter in place mandates issued by the Governor in Executive Order 33-20 and the County Public Health Officer, to minimize the spread of the coronavirus, please note the meeting will be held via teleconference only. All members of the public seeking to observe and/or to address the Board may participate in the meeting telephonically in the manner described in the July 21, 2021 Agenda.

Should there be any questions regarding this notice, please call the LAVWMA Office at 925-551-4841.

Dated: May 19, 2021

A handwritten signature in black ink, appearing to read "Charles V. Weir", is written over a horizontal line.

Charles V. Weir, General Manager

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Agenda Explanation
 Livermore-Amador Valley
 Water Management Agency
 Board of Directors
 July 21, 2021

ITEM NO. 6 ADOPT RESOLUTION AUTHORIZING THE ISSUANCE OF 2021 SEWER REVENUE REFUNDING BONDS; AUTHORIZING AND DIRECTING EXECUTION OF AN INDENTURE OF TRUST, SECOND AMENDED AND RESTATED SEWER SERVICE CONTRACT, ESCROW DEPOSIT AND TRUST AGREEMENT, AND BOND PURCHASE AGREEMENT; AUTHORIZING THE NEGOTIATED SALE OF BONDS; APPROVING AN OFFICIAL STATEMENT; AND AUTHORIZING RELATED DOCUMENTS AND ACTIONS

Action Requested

It is recommended that the Board approve Resolution No. 21-06: 1) Authorizing issuance of the 2021 Bonds; 2) Authorizing and directing execution of: (a) an Indenture of Trust, (b) a Second Amended and Restated Sewer Service Contract, (c) an Escrow Deposit and Trust Agreement, and (d) a Bond Purchase Agreement; 3) Authorizing the negotiated sale of the 2021 Bonds; 4) Approving an Official Statement; 5) Approving a Continuing Disclosure Certificate; 6) Approving the appointment of Bond Counsel, Disclosure Counsel, and Municipal Advisor; and 7) Approving and directing the Chair, General Manager, and any and all other officers of LAVWMA to take any and all actions as may be reasonably necessary related to the issuance and sale of the 2021 Bonds.

Summary

It is proposed that LAVWMA refinance its outstanding 2011 Sewer Revenue Refunding Bonds by issuing 2021 Sewer Revenue Refunding Bonds. The purpose of the refinancing is to save money as a result of lower interest rates. Annual savings are estimated to be \$1.2 million and total net present savings are estimated to be \$12.2 million over the ten year term of the 2021 Bonds. The 2021 Bonds will mature in 2031 which is the final maturity of the 2011 Bonds. The 2011 Bonds, which were originally issued in October 2011 in the principal amount of \$105,345,000, are currently outstanding in the principal amount of \$69,360,000, including the August 1, 2021 maturity (\$4,940,000). The 2011 Bonds are callable in whole on any date without a premium beginning August 1, 2021.

On May 19, 2021, the Board adopted a Debt Management Policy. In the Debt Management Policy, the Board declared that, in connection with the refinancing of outstanding debt, it is LAVWMA's policy goal to realize minimum net present value debt service savings equal to three percent (3%) of the refinanced principal amount for a current refunding. The proposed Resolution requires minimum net present value savings of at least 3% for the sale of the 2021 Bonds.

Based on the market conditions for municipal bonds on July 8, 2021, the estimated result of refinancing the 2011 Bonds is nominal dollar savings of \$12.8 million over the ten-year term of the 2021 Bonds and fully discounted net present value savings of \$12.2 million, which is equal to

approximately 19% of the outstanding principal amount of the 2011 Bonds. Estimated annual savings are approximately \$1.2 million. The 2021 Bonds will mature in 2031, which is the final maturity of the 2011 Bonds.

The estimated savings reflect the following assumptions:

- Consistent with the existing ratings of the 2011 Bonds, staff assumes the 2021 Bonds will be rated at least “AA” (S&P), although staff cannot provide any assurances to the final rating to be assigned to the 2021 Bonds. The Resolution authorizes an Authorized Officer to commit to the purchase of a municipal bond insurance policy if such Authorized Officer determines, after consulting with LAVWMA’s municipal advisor and the Underwriter, that such policy will provide economic benefits to LAVWMA and the Members.
- Amounts currently held by the trustee for the 2011 Bonds will be used to reduce the amount of 2021 Bonds issued.
- The 2021 Bonds will not be subject to optional redemption prior to their stated maturity dates.
- Net present value and annual savings calculations take into account the estimated costs of issuing the 2021 Bonds. Fixed costs of issuance for legal, disclosure, municipal advisory, rating, and trustee services ^{SEP}are estimated to be approximately \$400,000. Underwriter’s discount is projected to be 0.30% of the principal amount of the 2021 Bonds.

Financing Documents

The following is a brief discussion of the documents that staff is recommending that the Board approve by Resolution. Copies of the draft documents are attached.

1. Indenture of Trust. Under the Indenture of Trust by and between LAVWMA and U.S. Bank National Association, as trustee for the 2021 Bonds (“Trustee”), LAVWMA pledges net revenues of LAVWMA’s wastewater enterprise to investors as security for its obligation to pay debt service on the 2021 Bonds. The net revenues primarily consist of payments made by DSRSD, Livermore, and Pleasanton under the Second Amended and Restated Sewer Service Contract *less* the costs of operating and maintaining LAVWMA’s wastewater enterprise.

2. Second Amended and Restated Sewer Service Contract. The contract amends and restates the Amended and Restated Sewer Service Contract dated as of October 1, 2011, among LAVWMA and the member agencies (Livermore, Pleasanton, and DSRSD). The 2011 Sewer Service Contract is being updated to take into account changes since 2011 (for example, the new

agreement with the East Bay Dischargers Authority) and the issuance of the 2021 Bonds. Under the Second Amended and Restated Sewer Service Contract, the member agencies agree to pay the costs of operating and maintaining the LAVWMA wastewater facilities and agree to pay their respective share of debt service on the 2021 Bonds.

3. Escrow Deposit and Trust Agreement. Under this agreement, LAVWMA directs U.S. Bank National Association, as escrow agent and trustee for the 2011 Bonds, to use proceeds of the 2021 Bonds and other available moneys to defease and redeem the 2011 Bonds.

4. Bond Purchase Agreement. Under the Bond Purchase Agreement, the Underwriter agrees to purchase the 2021 Bonds, and LAVWMA agrees to satisfy various closing conditions, including delivery of various closing certificates and opinions.

5. Preliminary Official Statement. The Underwriter will distribute the Preliminary Official Statement to the potential investors. The attached Preliminary Official Statement has been reviewed and approved for transmittal to the Board of Directors by LAVWMA's financing team. The distribution of the Preliminary Official Statement by LAVWMA 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 2021 Bonds. 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 2021 Bonds. If the Board concludes that the Preliminary Official Statement includes all facts that would be material to an investor in the 2021 Bonds, 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 LAVWMA's compliance with the federal securities laws, has issued guidance as to the duties of the Board 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 has knowledge of any facts or circumstances that an investor would want to know about prior to investing in the 2021 Bonds, 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 could take include becoming familiar with the Preliminary Official Statement and questioning staff and consultants about the disclosure of such facts.

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The security for the Bonds is described in the sections of the Preliminary Official Statement entitled “SECURITY FOR THE 2021 BONDS”.

Information about LAVWMA and its finances is set forth in the sections of the Preliminary Official Statement entitled “ LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY” and “FINANCIAL INFORMATION ON LAVWMA.” LAVWMA’s audited financial statements are appended to the Preliminary Official Statement as part of Appendix A.

The key risk factors associated with the 2021 Bonds are described in the section of the Preliminary Official Statement entitled “RISK FACTORS”; and certain limitations imposed by the California Constitution are described in “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES.”

DSRSD has provided information for the Preliminary Official Statement, which is included in the section of the Preliminary Official Statement entitled “DUBLIN SAN RAMON SERVICES DISTRICT.” DSRSD’s audited financial statements are appended to the Preliminary Official Statement as part of Appendix A. In connection with the distribution of the Preliminary Official Statement, DSRSD will certify that the Preliminary Official Statement includes all material information about DSRSD and its regional wastewater enterprise.

Livermore has provided information for the Preliminary Official Statement, which is included in the section of the Preliminary Official Statement entitled “CITY OF LIVERMORE.” Excerpts from Livermore’s audited financial statements are appended to the Preliminary Official Statement as part of Appendix A. In connection with the distribution of the Preliminary Official Statement, Livermore will certify that the Preliminary Official Statement includes all material information about Livermore and its wastewater collection and treatment system.

Pleasanton has provided information for the Preliminary Official Statement, which is included in the section of the Preliminary Official Statement entitled “CITY OF PLEASANTON.” Excerpts from Pleasanton’s audited financial statements are appended to the Preliminary Official Statement as part of Appendix A. In connection with the distribution of the Preliminary Official Statement, Pleasanton will certify that the Preliminary Official Statement includes all material information about Pleasanton and its wastewater collection and transmission system.

On May 19, 2021, the Board adopted written Disclosure Policies and Procedures. Consistent with the Disclosure Policies and Procedures, Bond Counsel recently provided training to staff and elected officials of LAVWMA about their responsibilities under federal securities laws.

6. Continuing Disclosure Certificate. In order to comply with federal securities law, the Underwriter is obligated to receive a written undertaking from LAVWMA that, as long as the

2021 Bonds are outstanding, LAVWMA will provide updates of financial and operating information related to LAVWMA that was included in the Official Statement as well as notices about certain events. A draft form of the certificate is appended to the Preliminary Official Statement as part of Appendix E.

The Underwriter will obtain similar continuing disclosure undertakings from DSRSD, Livermore and Pleasanton, each of which is appended to the Preliminary Official Statement as part of Appendix E.

Financing Team Participants

The complex legal and financial structure of municipal bond issues and the long-term impact of bond financing transactions require issuers to rely heavily upon experienced professional consultants to assist in the issuance process. LAVWMA staff, along with representatives from the member agencies, have assembled a team of professionals to assist LAVWMA with the bond issuance process. The table below lists the key members of the financing team and their roles. All fees associated with this financing will be paid from 2021 Bond proceeds.

<u>Role</u>	<u>Team Member</u>
Fieldman, Rolapp & Associates	Municipal Advisor
Jones Hall, A Professional Law Corporation	Bond Counsel, Disclosure Counsel
Stifel, Nicolaus & Company, Incorporated	Underwriter
U.S. Bank National Association	Trustee

The specific duties of each team member are described below:

Municipal Advisor. The Municipal Advisor ensures that the issuing entity's interests are protected when the transaction is being structured and sold. The Municipal Advisor oversees the pricing of the 2021 Bonds proposed by Stifel, Nicolaus & Company, Incorporated.

Underwriter. The Underwriter will market the 2021 Bonds to potential investors, and will agree to underwrite the 2021 Bonds (which means it will purchase all the 2021 Bonds if the conditions set forth in the Bond Purchase Agreement are met).

Bond Counsel. The Bond Counsel prepares all the legal documents for the 2021 Bonds (including the Indenture of Trust, Second Amended and Restated Sewer Service Contract and Escrow Deposit Agreement) and the resolutions to be adopted by LAVWA, Pleasanton, DSRSD and Livermore. At closing, Bond Counsel will opine that LAVWMA has the legal authority to issue the 2021 Bonds, that the 2021 Bonds are legal, valid and binding, and that interest on the 2021 Bonds will be exempt from state and federal taxation.

Disclosure Counsel. The Disclosure Counsel assists in the preparation of the Preliminary Official Statement and the continuing disclosure undertakings.

Trustee. The Trustee acts as the fiduciary agent for the benefit of the beneficial owners of the 2021 Bonds under the Indenture of Trust.

Financing Schedule

The following table presents the projected financing schedule:

Date	Description of Activity
July 20, 2021	DSRSD and Pleasanton adopt Resolutions authorizing participation in sale of 2021 Bonds and approving legal and disclosure documents
July 21, 2021	LAVWMA adopts Resolution authorizing sale of 2021 Bonds and approving legal and disclosure documents
July 26, 2021	Livermore adopts Resolution authorizing participation in sale of 2021 Bonds and approving legal and disclosure documents
August 3, 2021	Execution of Bond Purchase Agreement
August 17, 2021	Bond Closing
September 16, 2021	Proceeds used to call 2011 Bonds

Recommendation

Based on the information described herein, the recommendation of the Financing Team, and the recommendation of the General Manager and review by General Counsel, it is recommended that the Board approve Resolution 21-06: 1) Authorizing issuance of the 2021 Bonds; 2) Authorizing and directing execution of: (a) an Indenture of Trust, (b) a Second Amended and Restated Sewer Service Contract, (c) an Escrow Deposit and Trust Agreement, and (d) a negotiated sale of the 2021 Bonds to Stifel, Nicolaus & Company, Incorporated, as Underwriter, pursuant to a Bond Purchase Agreement; 3) Authorizing the negotiated sale of the 2021 Bonds; 4) Approving an Official Statement; 5) Approving a Continuing Disclosure Certificate; 6) Approving the appointment of Bond Counsel, Disclosure Counsel, and Municipal Advisor; and 6) Approving and directing the Chair, General Manager; and 7) any and all other officers of LAVWMA to take any and all actions as may be reasonably necessary related to the issuance and sale of the 2021 Bonds.

Attachments

- 6.a Resolution No. 21-06
- 6.b Indenture of Trust
- 6.c Second Amended and Restated Sewer Service Contract

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- 6.d Escrow Deposit and Trust Agreement
- 6.e Bond Purchase Agreement
- 6.f Preliminary Official Statement

**LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY
RESOLUTION NO. 21-06**

A RESOLUTION 1) AUTHORIZING ISSUANCE OF THE 2021 BONDS; 2) AUTHORIZING AND DIRECTING EXECUTION OF: (A) AN INDENTURE OF TRUST, (B) A SECOND AMENDED AND RESTATED SEWER SERVICE CONTRACT, (C) AN ESCROW DEPOSIT AND TRUST AGREEMENT, AND (D) A BOND PURCHASE AGREEMENT; 3) AUTHORIZING THE NEGOTIATED SALE OF THE 2021 BONDS; 4) APPROVING AN OFFICIAL STATEMENT; 5) APPROVING A CONTINUING DISCLOSURE CERTIFICATE; 6) APPROVING THE APPOINTMENT OF BOND COUNSEL, DISCLOSURE COUNSEL, AND MUNICIPAL ADVISOR; AND 7) APPROVING AND DIRECTING THE CHAIR, GENERAL MANAGER, AND ANY AND ALL OTHER OFFICERS OF LAVWMA TO TAKE ANY AND ALL ACTIONS AS MAY BE REASONABLY NECESSARY RELATED TO THE ISSUANCE AND SALE OF THE 2021 BONDS

WHEREAS, LAVWMA is a joint exercise of powers agency duly organized and existing under and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement, entered into on September 10, 1997, by and among the Dublin San Ramon Services District (“DSRSD”), the City of Pleasanton (“Pleasanton”) and the City of Livermore (“Livermore”), and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Act”), and is authorized pursuant to Article 4 (commencing with Section 6584) of the Act to issue revenue bonds to finance facilities for the receipt, transport and disposal of treated wastewater; and

WHEREAS, DSRSD, Pleasanton and Livermore are sometimes collectively referred to herein as the “Members”; and

WHEREAS, LAVWMA acquired and constructed facilities for the receipt, transport and disposal of treated wastewater from the Livermore-Amador Valley in order to carry out the purposes for which it was established; and

WHEREAS, to finance the cost of the acquisition and construction of such facilities, LAVWMA issued its revenue bonds in the principal amount of \$142,385,000 on March 21, 2001 (the “2001 Bonds”); and

WHEREAS, in order to complete such financing, LAVWMA required the Members to agree to pay certain minimum payments for wastewater service to be provided by LAVWMA, as provided in that certain Sewer Service Contract, dated as of March 1, 2001, among LAVWMA and the Members (the “2001 Sewer Service Contract”); and

WHEREAS, subsequently, in order to achieve interest savings, LAVWMA caused the issuance of its \$105,345,000 Livermore-Amador Valley Water Management Agency 2011 Sewer Revenue Refunding Bonds (the “2011 Bonds”) for the purpose of refunding the 2001 Bonds; and

WHEREAS, in connection with the issuance of the 2011 Bonds, LAVWMA and the Members entered into that certain Amended and Restated Sewer Service Contract, dated as of October 1, 2011 (the “2011 Sewer Service Contract”); and

WHEREAS, the 2011 Bonds maturing on or after August 1, 2022, are subject to redemption prior to their respective maturity dates, at the option of the LAVWMA, as a whole or in part on any date on or after August 1, 2021, from any source of available funds, at a redemption price equal to the principal amount of the 2011 Bonds to be redeemed, plus accrued interest to the redemption date, without premium; and

WHEREAS, LAVWMA has determined that interest savings will be achieved if the 2011 Bonds are refunded through the issuance of its 2021 Sewer Revenue Refunding Bonds (the “2021 Bonds”) under Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “Refunding Bond Law”), and an Indenture of Trust between U.S. Bank National Association, as trustee, and LAVWMA (the “2021 Indenture”); and

WHEREAS, in order to accomplish the refunding of the 2011 Bonds, it will be necessary for LAVWMA to enter into an Escrow Deposit and Trust Agreement, between LAVWMA and U.S. Bank National Association, acting as escrow bank (the “Escrow Deposit and Trust Agreement”); and

WHEREAS, LAVWMA and the Members have determined it is necessary to amend and restate the 2011 Sewer Service Contract in connection with the sale and delivery of the 2021 Bonds pursuant to that certain Second Amended and Restated Sewer Service Contract, among LAVWMA and the Members (the “2021 Sewer Service Contract”); and

WHEREAS, the Members and LAVWMA have engaged Jones Hall, A Professional Law Corporation, acting as disclosure counsel to LAVWMA, to prepare a Preliminary Official Statement (the “Preliminary Official Statement”), which describes the 2021 Bonds (including specifically the security therefor), and the finances and wastewater collection, treatment, and disposal facilities of each of the Members and LAVWMA; and

WHEREAS, in order to facilitate compliance with requirements of the Securities and Exchange Commission by Stifel, Nicolaus & Company, Incorporated, as underwriter (the “Underwriter”) of the 2021 Bonds, and to facilitate dissemination of certain information concerning LAVWMA and the Members, LAVWMA and each Member is entering into a Continuing Disclosure Certificate (each, a “Continuing Disclosure Certificate”); and

WHEREAS, pursuant to Government Code Section 5852.1, certain information relating to the 2021 Bonds is set forth in Exhibit A attached to this Resolution, and such information is hereby disclosed and made public; and

WHEREAS, the Board has duly considered such transactions and wishes at this time to approve said transactions as being in the public interests of LAVWMA;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the Livermore-Amador Valley Water Management Agency, as follows:

Section 1. Issuance of the 2021 Bonds; Approval of Indenture. The Board hereby authorizes the issuance of the 2021 Bonds under and pursuant to the Refunding Bond Law and the 2021 Indenture in order to refund and redeem the 2011 Bonds, and pay costs of issuance incurred in connection therewith; provided that the term of the 2021 Bonds shall not extend the maturity of the 2011 Bonds, and the net present value savings achieved by the refunding of the 2011 Bonds is at least three percent (3%) of the principal amount of the 2011 Bonds being refunded. The Board hereby approves the 2021 Indenture, in substantially the form included in the agenda packet, together with any additions thereto or changes therein deemed necessary or advisable by the Chair or the General Manager (each, an “Authorized Officer”). An Authorized Officer is authorized and directed to execute, and the Secretary is hereby authorized and directed to attest the final

form of the 2021 Indenture for and in the name and on behalf of LAVWMA. The Board hereby authorizes the delivery and performance of the 2021 Indenture.

Section 2. Approval of 2021 Sewer Service Contract. The Board hereby approves the 2021 Sewer Service Contract in substantially the form included in the agenda packet, together with any additions thereto or changes therein deemed necessary or advisable by an Authorized Officer. An Authorized Officer is authorized and directed to execute, and the Secretary is hereby authorized and directed to attest the final form of the 2021 Sewer Service Contract for and in the name and on behalf of LAVWMA. The Board hereby authorizes the delivery and performance of the 2021 Sewer Service Contract.

Section 3. Approval of Escrow Deposit and Trust Agreement. The Board hereby approves the Escrow Deposit and Trust Agreement in substantially the form included in the agenda packet, together with any additions thereto or changes therein deemed necessary or advisable by an Authorized Officer. An Authorized Officer is authorized and directed to execute the final form of the Escrow Deposit and Trust Agreement for and in the name and on behalf of LAVWMA. The Board hereby authorizes the delivery and performance of the Escrow Deposit and Trust Agreement.

Section 4. Approval of Bond Purchase Agreement. The Board hereby approves a Bond Purchase Agreement (the “Bond Purchase Agreement”) between LAVWMA and Stifel Nicolaus & Company, Incorporated or an affiliate thereof (the “Underwriter”) in substantially the form included in the agenda packet, together with any additions thereto or changes therein deemed necessary or advisable by an Authorized Officer. An Authorized Officer is authorized and directed to execute the final form of the Bond Purchase Agreement for and in the name and on behalf of LAVWMA. The Board hereby authorizes the delivery and performance of the Bond Purchase Agreement.

Section 5. Sale of the 2021 Bonds. The Board of Directors hereby approves the negotiated sale of the 2021 Bonds to the Underwriter pursuant to the Bond Purchase Agreement, provided that the Underwriter’s discount (excluding original issue discount) does not exceed four-tenths of one percent (0.40%).

Section 6. Official Statement. The Board of Directors hereby approves the form of the Preliminary Official Statement in substantially the form included in the agenda packet. The Board of Directors authorizes and directs the General Manager to deem final, within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 (the “Rule”), the Preliminary Official Statement describing the 2021 Bonds, in substantially the form included in the agenda packet, as updated and corrected. An Authorized Officer is hereby authorized to execute an appropriate certificate stating the determination that the Preliminary Official Statement has been deemed final within the meaning of such Rule. Distribution of the preliminary Official Statement by the Underwriter is hereby approved. The Authorized Officer is hereby authorized and directed to approve any changes in or additions to a final form of said Official Statement, and the execution thereof by an Authorized Officer shall be conclusive evidence of approval of any such changes and additions. The Board of Directors hereby authorizes the distribution of the Preliminary Official Statement by the Underwriter to prospective purchasers of the 2021 Bonds.

Section 7. Approval of Continuing Disclosure Certificate. The Board of Directors hereby approves the Continuing Disclosure Certificate to be executed by LAVWMA, in substantially the form attached to the Preliminary Official Statement (which is included in the agenda packet), together with any changes therein or additions thereto deemed advisable by an Authorized Officer, whose execution thereof shall be conclusive evidence of the approval of any such additions and changes. The Board of Directors hereby authorizes and directs an Authorized to execute said form of the Continuing Disclosure Certificate for and in the name of LAVWMA.

Section 8. Approval of Bond Counsel, Disclosure Counsel and Municipal Advisor. The Board of Directors hereby appoints the firm of Jones Hall, A Professional Law Corporation, as bond counsel and disclosure counsel to LAVWMA in connection with the 2021 Bonds, and Fieldman, Rolapp & Associates, Inc., as municipal advisor to LAVWMA, and an Authorized Officer is authorized to execute an agreement with said firms in substantially the form of the agreements on file with the General Manager.

Section 9. Official Actions. Each Authorized Officer, the Board Secretary and any and all other officers of LAVWMA are hereby authorized and directed, for and in the name and on behalf of LAVWMA, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the 2021 Bonds and the refunding of the 2011 Bonds. In addition, each Authorized Officer is authorized to commit to the purchase of a municipal bond insurance policy if such Authorized Officer determines, after consulting with the municipal advisor and the Underwriter, that such policy will provide economic benefits to LAVWMA and the Members.

Section 10. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

* * * * *

DULY and REGULARLY ADOPTED by LAVWMA this ____ day of _____, 2021,
by the following votes:

AYES: _____

NOES: _____

ABSENT: _____

LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY

By: _____
Anne Marie Johnson, Chair

ATTEST:

By: _____
Charles V. Weir, General Manager

EXHIBIT A

**REQUIRED GOOD FAITH ESTIMATES PURSUANT TO
GOVERNMENT CODE SECTION 5852.1**

2021 Bonds

1. True Interest Cost of the 2021 Bonds: 0.94%
2. Finance charge of the 2021 Bonds, being the sum of all fees and charges paid to third parties (Costs of Issuance of approximately \$400,000 plus estimated underwriter's compensation of \$167,985): \$567,985.
3. Amount of proceeds of the 2021 Bonds expected to be received by LAVWMA, net of proceeds for Costs of Issuance in (2) above and net of capitalized interest (if any) and reserves (if any) paid or funded with the proceeds of the 2021 Bonds: \$65,016,721.
4. Total payment amount for the 2021 Bonds, being the sum of (a) debt service to be paid on the 2021 Bonds to final maturity, plus (b) any financing costs not paid from proceeds of the 2021 Bonds: \$68,784,068.

All amounts and percentages are estimates, and are made in good faith by LAVWMA based on information available as of the date of adoption of this Resolution. Estimates include certain assumptions regarding tax-exempt rates available in the bond market at the time of pricing the 2021 Bonds.

Jones Hall draft 7-13-21

INDENTURE OF TRUST

by and between the

LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY

and

[U.S. BANK NATIONAL ASSOCIATION],
as Trustee

Dated as of August 1, 2021

Relating to
\$ _____
Livermore-Amador Valley Water Management Agency
2021 Sewer Revenue Refunding Bonds

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EXHIBIT A Form of Bond

INDENTURE OF TRUST

THIS INDENTURE OF TRUST, made and entered into and dated as of August 1, 2021, by and between the LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY, a joint exercise of powers agency organized and existing under the laws of the State of California ("LAVWMA"), and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, with a corporate trust office in San Francisco, California, and being qualified to accept and administer the trusts hereby created, as trustee (the "Trustee");

WITNESSETH:

WHEREAS, LAVWMA was created on June 18, 1974 by the Dublin-San Ramon Community Services District ("DSRSD") and the Cities of Livermore ("Livermore") and Pleasanton ("Pleasanton") (DSRSD, Livermore and Pleasanton being referred to herein as the "Members") pursuant to a joint 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 Members (the "Joint Powers Agreement"); and

WHEREAS, LAVWMA is authorized pursuant to the provisions of Article 4 of the Joint Exercise of Powers Agency Law (commencing with Section 6584 of the California Government Code, to issue its revenue bonds for the purpose of financing improvements, additions and extensions to its system for the receipt, transport and disposal of treated wastewater (the "Enterprise");

WHEREAS, LAVWMA acquired and constructed facilities for the disposal or reuse of wastewater from the Livermore-Amador Valley in order to carry out the purposes for which it was established;

WHEREAS, to finance the cost of the acquisition and construction of such facilities LAVWMA issued its revenue bonds in the principal amount of \$142,385,000 on March 21, 2001 (the "2001 Bonds");

WHEREAS, in order to achieve interest savings, LAVWMA caused the issuance of its \$105,345,000 Livermore-Amador Valley Water Management Agency 2011 Sewer Revenue Refunding Bonds (the "2011 Bonds") pursuant to an Indenture of Trust, dated as of October 1, 2011, between U.S. Bank National Association (the "2011 Trustee") and LAVWMA (the "2011 Indenture") for the purpose of refunding the 2001 Bonds;

WHEREAS, LAVWMA, after due investigation and deliberation, has determined that to achieve interest savings it is in the interests of LAVWMA at this time to provide for the issuance

of its sewer revenue refunding bonds under this Indenture for the purpose of refunding the 2011 Bonds; and

WHEREAS, the Board of Directors of LAVWMA (the "Board") has heretofore adopted its Resolution No._____, approving and authorizing the issuance of its 2021 Sewer Revenue Refunding Bonds (the "2021 Bonds") to refund and redeem the 2011 Bonds;

WHEREAS, in order to provide for the authentication and delivery of the 2021 Bonds, to establish and declare the terms and conditions upon which the 2021 Bonds are to be issued and secured and to secure the payment of the principal thereof and of the interest and premium, if any, thereon, the Board has authorized the execution and delivery of this Indenture;

WHEREAS, all of the 2021 Bonds will be secured by a pledge of the LAVWMA Net Revenues, as defined herein, and certain other moneys and securities held by LAVWMA and the Trustee hereunder; and

WHEREAS, LAVWMA has determined that all acts and proceedings required by law necessary to make the 2021 Bonds, when executed by LAVWMA, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of LAVWMA, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken; and the execution and delivery of this Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and premium (if any) on all 2021 Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the 2021 Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the 2021 Bonds by the Owners thereof, and for other valuable considerations, the receipt whereof is hereby acknowledged, LAVWMA does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the 2021 Bonds, as follows:

ARTICLE I

DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS; EQUAL
SECURITY

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Indenture and of any Parity Bonds Instrument and of the Bonds and of any certificate, opinion, request or other documents herein mentioned have the meanings herein specified.

"Authorized Investments" means any of the following, but only to the extent that the same are acquired at Fair Market Value, which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

(a) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America;

(b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: (i) Export-Import Bank; (ii) Farm Credit System Financial Assistance Corporation, (iii) Farmers Home Administration; (iv) General Services Administration; (v) U.S. Maritime Administration; (vi) Small Business Administration; (vii) Government National Mortgage Association (GNMA); (viii) U.S. Department of Housing & Urban Development (PHA's); (ix) Federal Housing Administration and (x) Federal Financing Bank;

(c) direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: senior debt obligations rated "Aaa" by Moody's and "AAA" by S&P issued by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC), and obligations of the Resolution Funding Corporation (REFCORP);

(d) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks (including the Trustee and its affiliates) which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing no more than 360 days after the date of purchase, provided that ratings on holding companies are not considered as the rating of the bank;

(e) commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P, and which matures not more than 270 days after the date of purchase;

(f) investments in a money market fund rated "Aaam" or "AAAm-G" or better by S&P, including any such money market fund from which the Trustee or its affiliates receive fees for services to such fund;

(g) pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (i) which are rated, based upon an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's and S&P or any successors thereto; or (ii)(A) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (a) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (B) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;

(h) general obligations of states with a rating of at least "A2/A" or higher by both Moody's and S&P;

(i) the Local Agency Investment Fund maintained by the State of California; and (1) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State of California, as it may be amended (also known as "CAMP").

"Authorized Official" means General Manager, Treasurer, Chair of the Board of LAVWMA, or any other officer of LAVWMA duly authorized by the Board for that purpose.

"Annual Debt Service" means the Debt Service payable in a Fiscal Year.

"Board" means the Board of Directors of LAVWMA, or any other legislative body of LAVWMA hereafter provided for pursuant to law.

“Bond Counsel” means any attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

“Bond Law” means Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, as in effect on the Closing Date.

“Bond Registration Books” means the books maintained by the Trustee pursuant to Section 2.08 for the registration and transfer of ownership of the Bonds.

“Bonds” means, collectively, the 2021 Bonds and any Parity Bonds issued and at any time Outstanding hereunder and under a Parity Bonds Instrument.

“Bond Year” means the twelve-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year except that (i) the first Bond Year shall begin on the Closing Date, and (ii) the last Bond Year may end on a redemption date prior to maturity of the Bonds.

“Business Day” means any day other than a Saturday, Sunday or a day on which the Trustee is authorized by law to remain closed.

“Certificate of LAVWMA” means a certificate in writing signed by an Authorized Official.

“Charges” means (i) for DSRSD and Pleasanton, Regional Services Charges, and (ii) for Livermore, fees, connection fees, capacity fees, tolls, assessments, rates and charges, including user charges prescribed and collected by the City Council of Livermore for the services and facilities of Livermore’s Sewer System furnished by Livermore within its jurisdiction. To provide clarity, Charges does not include Pleasanton Local Charges.

“Closing Date” means the date upon which there is an exchange of the 2021 Bonds for the proceeds representing the purchase price of the 2021 Bonds by the Original Purchaser thereof.

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate executed by LAVWMA and dated the date of original execution and delivery of the 2021 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Cost of Issuance Fund” means the Fund by that name established pursuant to Section 3.04.

“Costs of Issuance” means all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds, including but not limited to compensation, fees and expenses of LAVWMA and the Trustee and their respective counsel, compensation to any financial consultants and underwriters, legal fees and expenses, municipal bond insurance or surety bond premiums, filing and recording costs, rating agency fees, costs of preparation and reproduction of documents and costs of printing.

“Debt Service” means, for any period of computation (the “Computation Period”), the sum of (1) the interest accruing on all Bonds during such Computation Period, assuming that all Bonds are retired as scheduled, plus (2) the principal amount (including principal due as sinking fund installment payments) allocable to all Bonds in such Computation Period, calculated as if such principal amounts were deemed to accrue daily during such Computation Period in equal amounts from, in each case, each payment date for principal or the date of delivery of such Bonds (provided that principal shall not be deemed to accrue for greater than a 365-day period prior to any payment date), as the case may be, to the next succeeding payment date for principal; provided, that the following adjustments shall be made to the foregoing amounts in the calculation of Debt Service:

(A) with respect to any such Bonds bearing or comprising interest at other than a fixed interest rate, the rate of interest used to calculate Debt Service shall be for all purposes, assumed to bear interest at a fixed rate equal to the higher of:

(i) the then current variable interest rate borne by such Bonds plus 1%, and

(ii) if such Bonds have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, or if such Bonds have not been outstanding for the twelve prior months or are proposed to be issued, the average rate for such twelve month period borne by reference to an index comparable to the index utilized in determining the interest rate for such Bonds;d;

(B) with respect to any such Bonds having twenty-five percent (25%) or more of the aggregate principal amount thereof due in any one Computation Period, Debt Service shall be calculated for the Computation Period of determination as if the interest on and principal of such Bonds were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of twenty (20) years from the date of such Bonds; provided, however, that the full amount of such Bonds shall be included in Debt Service if the date of calculation is within 24 months of the actual maturity of the payment;

(C) with respect to any such Bonds or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Bonds or portions thereof, such accreted discount shall be treated as due when scheduled to be paid;

(D) Debt Service shall not include interest on Bonds which is to be paid from amounts constituting capitalized interest; and

(E) if an interest rate swap agreement is in effect with respect to any Bonds to which it relates, no amounts payable under such interest rate swap in excess of debt service payable under such Parity Bonds Instrument shall be included in the calculation of Debt Service unless the sum of (i) the interest payable on such Bonds, plus (ii) the amounts payable by LAVWMA or the Member under such interest rate swap agreement, less (iii) the amounts receivable by LAVWMA or the Member under such interest rate swap agreement, are greater than the interest payable on such Bonds, in which case the amount of such payments to be made that exceed the interest to be paid on such Bonds shall be included in such calculation, and for this purpose, the variable amount under any such interest rate swap agreement shall be determined in accordance with the procedure set forth in subparagraph (A) of this definition.

“Debt Service Fund” means the fund by that name established and held by the Trustee pursuant to Section 4.03.

“Defeasance Obligations” means (a) cash or (b) direct, non-callable obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America.

“Depository” means (a) initially, DTC, and (b) any other Securities Depositories acting as Depository pursuant to Section 2.10.

“Depository System Participant” means any participant in the Depository's book-entry system.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“DSRSD” means the Dublin San Ramon Services District, a community services district duly organized and existing under and pursuant to the Community Services District Law, being Title 5, Division 3 (Sections 61000 et seq.) of the Government Code of the State of California, and formerly known as Valley Community Services District.

“Enterprise” means facilities owned by LAVWMA for the receipt, transport and disposal of treated wastewater from the Livermore-Amador Valley, existing as of the Closing Date, together with necessary pipes, pumps, valves and machinery and lands, easements and rights of way therefor; and other works, properties or structures necessary or convenient for the

disposal or reuse of wastewater from the Livermore-Amador Valley, including all additions, betterments, extensions and improvements to such facilities or any part thereof thereafter made.

“Escrow Bank” mean U.S. Bank National Association, and its successors and assigns.

“Escrow Deposit and Trust Agreement” means that certain Escrow Deposit and Trust Agreement, dated as of August 1, 2021, between LAVWMA and the Escrow Bank.

“Escrow Fund” means the Escrow Fund established and held by the Escrow Bank under the Escrow Deposit and Trust Agreement.

“Event of Default” means any of the events described in Section 8.01.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is any commingled investment fund in which LAVWMA and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

“Federal Securities” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(a) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America); and

(b) obligations of any department, agency or instrumentality of the United States of America the timely payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America.

“Financing Administration Agreement” means that certain Financing Administration Agreement, dated as of December 5, 2000, between the District and Pleasanton, as amended, including by a First Amendment to Financing Administration Agreement, dated June 28, 2004

and a Second Amendment to the Financing Administration Agreement, dated November 16, 2010.

“Fiscal Year” means the period commencing on July 1 of each year and terminating on the next succeeding June 30, or any other annual accounting period prescribed by law for LAVWMA.

“Gross Revenues”, when used with respect to the gross revenues of a Member's Sewer System, means, for any period of computation, (a) all Charges, (b) the Regional Capacity Reserve Buy-In Fees, and (c) all receipts derived from the investment of Charges held by such Member (excluding the Rate Stabilization Fund).

“Improvement” means any addition, extension, improvement, equipment, machinery or other facilities to or for the Enterprise.

“Indenture” means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Parity Bonds Instrument pursuant to the provisions hereof.

“Independent Certified Public Accountant” means any certified public accountant or firm of such accountants appointed and paid by LAVWMA, and who, or each of whom-

- (a) is in fact independent and not under domination of LAVWMA;
- (b) does not have any substantial identity of interest, direct or indirect, with LAVWMA; and
- (c) is not and no member of which is connected with LAVWMA as an officer or employee of LAVWMA, but who may be regularly retained to make annual or other audits of the books of or reports to LAVWMA.

“Independent Consultant” means any financial or engineering consultant (including without limitation any Independent Certified Public Accountant) with an established reputation in the field of municipal finance or firm of such consultants appointed and paid by LAVWMA, and who, or each of whom-

- (a) is in fact independent and not under domination of LAVWMA;
- (b) does not have any substantial identity of interest, direct or indirect, with LAVWMA; and

(c) is not and no member of which is connected with LAVWMA as an officer or employee of LAVWMA, but who may be regularly retained to make annual or other audits of the books of or reports to LAVWMA.

“Information Services” means the Municipal Securities Rulemaking Board Electronic Municipal Market Access (EMMA) system accessible at the emma.msrb.org website.

“Interest Payment Date” means, with respect to the 2021 Bonds, February 1 and August 1 in each year, beginning February 1, 2022, and with respect to any Parity Bonds, any date on which interest is due and payable thereon, and continuing so long as any Bonds or Parity Bonds remain Outstanding.

“Interest Requirement” means, as of any particular date of calculation, the amount equal to any unpaid interest then due and payable, plus an amount which will on the next succeeding Interest Payment Date be equal to the interest to become due and payable on the 2021 Bonds on such next succeeding Interest Payment Date.

“Joint Powers Agreement” means that certain Amended and Restated Joint Exercise of Powers Agreement for the Livermore-Amador Valley Water Management Agency, dated as of September 10, 1997, among the Members, as amended from time to time.

“LAVWMA” means the Livermore-Amador Valley Water Management Agency, a joint exercise of powers agency organized and existing under the laws of the State, and any successor thereto.

“LAVWMA Gross Revenues” means, for any period of computation, all amounts received for, and all other income and revenues derived by LAVWMA from, the ownership or operation of the Enterprise, or otherwise arising from the Enterprise during such period, including but not limited to (a) all amounts received by LAVWMA from the Members under the Sewer Service Contract and the Regional Agreement for disposal or reuse of the Members' wastewater, (b) all receipts derived from the investment of funds held by the Treasurer or the Trustee under this Indenture, and (c) all moneys received by LAVWMA in connection with the Enterprise.

“LAVWMA Maintenance and Operation Costs” means, for any given period for any given facilities of the Enterprise, the reasonable and necessary costs of LAVWMA in maintaining and operating such facilities during such period, calculated on sound accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve such facilities in good repair and working order, and reasonable amounts for administration, overhead, insurance, taxes (if any) and other similar costs, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor, debt service, amortization of intangibles or other book-keeping entries of a similar nature, and costs paid out of the Sole Use Replacement Fund, Dual Use

Replacement Fund and Joint Use Replacement Fund (as those terms are defined in the Sewer Service Contract). For the avoidance of doubt, LAVWMA Maintenance and Operation Costs include payments made by LAVWMA to EBDA under the EBDA Master Agreement.

“LAVWMA Net Revenues” means, with respect to the Enterprise, for any period of computation, the amount of the LAVWMA Gross Revenues received by LAVWMA during such period, less the amount of LAVWMA Maintenance and Operation Costs of the Enterprise becoming payable during such period.

“Maintenance and Operation Costs”, when used with respect to:

(A) DSRSD and Pleasanton, means, for any given period for the Regional Facilities, the reasonable and necessary costs of maintaining and operating the Regional Facilities during such period, calculated on sound accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve such facilities in good repair and working order, and reasonable amounts for administration, overhead, insurance, taxes (if any) and other similar costs, but **excluding** in all cases depreciation, replacement and obsolescence charges or reserves therefor, debt service (including amounts paid by or on behalf of DSRSD or Pleasanton under Section 4.01(a) of the Sewer Service Contract), amortization of intangibles or other book-keeping entries of a similar nature; and

(B) Livermore’s Sewer System, means, for any given period for any given facilities of Livermore’s Sewer System, the reasonable and necessary costs of maintaining and operating such facilities during such period, calculated on sound accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve such facilities in good repair and working order, and reasonable amounts for administration, overhead, insurance, taxes (if any) and other similar costs, but **excluding** in all cases depreciation, replacement and obsolescence charges or reserves therefor; debt service (including amounts paid by or on behalf of Livermore under Section 4.01(a) of the Sewer Service Contract), amortization of intangibles or other book-keeping entries of a similar nature.

To provide clarity, “Maintenance and Operation Costs” does not include Pleasanton Local Maintenance and Operation Costs.

“Maximum Annual Debt Service” means, as of the date of calculation, the maximum amount of Debt Service for the current or any future Fiscal Year.

“Members” means DSRSD, Livermore and Pleasanton.

“Moody's” means Moody's Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors or assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody's” shall be deemed to refer to any other nationally recognized securities rating agency selected by LAVWMA.

“Net Proceeds,” when used with reference to any insurance or condemnation award or sale of property, means the gross proceeds from the sale of property or insurance or condemnation award with respect to which that term is used remaining after payment of all expenses (including attorneys' fees and any extraordinary expenses of the Trustee) incurred in the collection of such gross proceeds.

“Net Revenues” means, for each Member, such Member's Gross Revenues, less such Member's Maintenance and Operation Costs, less such Member's share of LAVWMA Maintenance and Operation Costs, whether paid directly by such Member or, as in the case of Pleasanton, paid for Pleasanton by DSRSD.

“Nominee” means Cede & Co., as nominee of DTC, and its successors and assigns.

“Obligations” means bonds, notes, installment sale agreements, long-term contracts, loans, sub-leases or other obligations or legal financing arrangements issued or to be issued by the Members, the proceeds of which are applied to finance or refinance improvements or repair to their respective Sewer Systems, and payable from Charges.

“Original Purchaser” means Stifel, Nicolaus & Company, Incorporated, the underwriter of the 2021 Bonds.

“Outstanding”, when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 7.03 and 9.03) all Bonds theretofore executed, issued and delivered by LAVWMA under this Indenture except -

- (a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and
- (c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by LAVWMA pursuant to this Indenture or any Parity Bonds Instrument.

“Owner” or “Bond Owner” or “Bondowner”, when used with respect to any Bond, means the person in whose name the ownership of such 2021 Bond shall be registered on the Bond Registration Books.

“Parity Bonds” means all bonds, notes or other obligations (including without limitation long-term contracts, loans, sub-leases or other legal financing arrangements) of LAVWMA payable from and secured by a pledge of and lien upon any of the LAVWMA Net Revenues on a parity basis with the pledge of LAVWMA Net Revenues set forth in Section 4.01, issued or incurred pursuant to Section 3.05.

“Parity Bonds Instrument” means the resolution, trust indenture or installment sale agreement adopted, entered into or executed and delivered by LAVWMA, and under which Parity Bonds are issued.

“Participating Underwriter” has the meaning ascribed thereto in the Continuing Disclosure Certificate.

“Pleasanton” means the City of Pleasanton, a municipal corporation duly organized and existing under and pursuant to the Constitution and laws of the State of California.

“Pleasanton Local Charges” means fees, connection fees, capacity fees, tolls, assessments, rates and charges prescribed and collected by the City for the services and facilities of Pleasanton’s Sewer System furnished by Pleasanton within its jurisdiction; Pleasanton Local Charges does not include the Regional Service Charge or the Regional Capacity Reserve Fee.

“Pleasanton Local Maintenance and Operation Costs” means, for any given period for any given facilities of Pleasanton’s Sewer System, the reasonable and necessary costs of maintaining and operating such facilities during such period, calculated on sound accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve such facilities in good repair and working order, and reasonable amounts for administration, overhead, insurance, taxes (if any) and other similar costs, but **excluding** in all cases depreciation, replacement and obsolescence charges or reserves therefor; debt service, amortization of intangibles or other book-keeping entries of a similar nature. Pleasanton Local Maintenance and Operation Costs does not include any portion of LAVWMA Maintenance and Operation Costs.

“Pleasanton Local Obligations” means bonds, notes, installment sale agreements or other obligations issued or to be issued by Pleasanton, the proceeds of which are applied to finance or refinance improvements or repair to Pleasanton’s Sewer System, and payable from Pleasanton Local Charges.

“Principal Installment” means with respect to any particular Principal Installment Date, an amount equal to the sum of (i) the aggregate principal amount of Outstanding Serial Bonds

payable on such Principal Installment Date as determined by the applicable Parity Bonds Instrument (but not including Sinking Fund Installments) and (ii) the aggregate of Sinking Fund Installments with respect to all Outstanding Term Bonds payable on such Principal Installment Date as determined hereby and by the applicable Parity Bonds Instrument.

“Principal Installment Date” means the date on which Principal Installments are required to be made pursuant to Section 2.01.

“Rate Stabilization Fund” has the meaning given to said term in the Sewer Service Contract.

“Rating Agency” means, as of any date, each of the following rating agencies which then maintains a rating on any of the Bonds: (a) Moody's; and (b) S&P.

“Record Date” means, with respect to the 2021 Bonds, the fifteenth (15th) calendar day of the month immediately preceding an Interest Payment Date or, with respect to any Parity Bonds, any other date established in the applicable Parity Bonds Instrument.

“Redemption Account” means the Account by that name established and held by the Trustee pursuant to Section 4.03.

“Redemption Price” means, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to this Indenture and the Parity Bonds Instrument pursuant to which the same was issued.

“Regional Agreement” means that certain Agreement for Wastewater Disposal Services, dated as of November 3, 1992, between DSRSD and Pleasanton, as supplemented and amended by (i) the First Supplemental Agreement, dated September 2, 1997, (ii) the Financing Administration Agreement, (iii) the Second Supplemental Agreement to Agreement for Wastewater Disposal Services, and (iv) Section 4.09 of the Sewer Service Contract, and as further amended from time to time.

“Regional Capacity Reserve Buy-In Fee” means the buy-in component of the regional capacity fee levied by Pleasanton and DSRSD, which is based on a new customer's share of Regional Facilities that have already been constructed.

“Regional Capacity Reserve Fees” means the connection fees described in Section 10(a) of the Regional Agreement, whether levied and collected by Pleasanton or the District. To provide clarity, the term “Regional Capacity Reserve Fees” does not include Regional Capacity Reserve Buy-In Fees.

“Regional Facilities” has the meaning given that term in the Sewer Service Contract.

“Regional Members” means Pleasanton and DSRSD.

“Regional Service Charges” means the service charges described in Section 10(b) of the Regional Agreement, whether levied and collected by Pleasanton or DSRSD.

“Request of LAVWMA” means a request in writing signed by the General Manager, Treasurer or Chair of the Board of LAVWMA, or by any other officer of LAVWMA duly authorized by the Board for that purpose.

“Revenue Fund” means the Fund by that name established and held by the Trustee pursuant to Section 4.01 hereof.

“S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, and its successors or assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by LAVWMA.

“Serial Bonds” means all Bonds other than Term Bonds.

“Series” when used with respect to less than all of the Bonds, means and refers to all of the Bonds delivered on original issuance in a simultaneous transaction, regardless of variations in maturity, interest rate or other provisions, and any 2021 Bond thereafter delivered in lieu of or substitution for any of such Bonds pursuant to Sections 2.02(f), 2.05, 2.06, 2.07, 2.09 and 7.04.

“Sewer Service Contract” means that certain Livermore-Amador Valley Water Management Agency Second Amended and Restated Sewer Service Contract, dated as of August 1, 2021, among LAVWMA and the Members.

“Sewer System” means, for each Member, facilities of such Member for the collection, treatment, disposal or reuse of wastewater within its jurisdiction, together with necessary pipes, pumps, valves and machinery and lands, easements and rights of way therefor; and other works, properties or structures necessary or convenient for the collection, treatment, disposal or reuse of wastewater within its jurisdiction, including all additions, betterments, extensions and improvements to such facilities or any part thereof thereafter made.

“Sinking Fund Installment” means, with respect to any particular date, the amount of money required hereby or by or pursuant to a Parity Bonds Instrument to be paid by LAVWMA on such date toward the retirement of any particular Term Bonds prior to their respective stated maturities.

“State” means the State of California.

“Supplemental Indenture” means an indenture of trust supplemental hereto and complying with the provisions of Section 7.01 or 7.02.

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Tax Code.

“Term Bonds” means, with respect to any 2021 Bonds or any Parity Bonds, such 2021 Bonds or Parity Bonds which are payable prior to their stated maturity by operation of Sinking Fund Installments.

“Trust Office” means the corporate trust office of the Trustee at One California Street, Suite 2550, San Francisco, California 94111, or such other or additional offices as may be specified to LAVWMA by the Trustee; provided that for transfer, exchange, payment, registration and surrender of Certificates, such term means in care of the corporate trust office of the Trustee at which such functions are performed, or such other office or agency specified by the Trustee.

“Trustee” means U.S. Bank National Association, appointed by LAVWMA to act as trustee hereunder pursuant to Section 6.01, and its assigns or any other corporation or association which may at any time be substituted in its place, as provided in Section 6.01.

“2011 Bonds” means the \$105,345,000 Livermore-Amador Valley Water Management Agency 2011 Sewer Revenue Refunding Bonds.

“2011 Indenture” means that certain Indenture of Trust, dated as of October 1, 2011, between LAVWMA and the 2011 Trustee.

“2011 Trustee” means U.S. Bank National Association, and its successors and assigns.

“2021 Bonds” means the Livermore-Amador Valley Water Management Agency 2021 Sewer Revenue Refunding Bonds, issued and at any time Outstanding hereunder.

SECTION 1.02. Rules of Construction. All references in this Indenture to “Articles,” “Sections,” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; and the words “herein,” “hereof,” “hereunder,” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words

importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

SECTION 1.03. Authorization and Purpose of 2021 Bonds. LAVWMA has reviewed all proceedings heretofore taken relative to the authorization of the 2021 Bonds and has found, as a result of such review, and hereby finds and determines that all things, conditions, and acts required by law to exist, happen and/or be performed precedent to and in the issuance of the 2021 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and LAVWMA is now authorized, as an exercise of its powers as a joint exercise of powers agency under the laws of the State and pursuant to the Bond Law and each and every requirement of law, to issue the 2021 Bonds in the manner and form provided in this Indenture. Accordingly, LAVWMA hereby authorizes the issuance of the 2021 Bonds pursuant to the Bond Law and this Indenture for the purpose of providing funds to refund and redeem the 2021 Bonds, and to pay Costs of Issuance of the 2021 Bonds.

SECTION 1.04. Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract among LAVWMA, the Trustee and the Owners from time to time of the Bonds; and the covenants and agreements herein set forth to be performed on behalf of LAVWMA shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

ARTICLE II

TERMS OF 2021 BONDS

SECTION 2.01. Terms of 2021 Bonds. The 2021 Bonds authorized to be issued by LAVWMA under and subject to the Bond Law and the terms of this Indenture shall be designated the "Livermore-Amador Valley Water Management Agency 2021 Sewer Revenue Refunding Bonds", and shall be issued in the original principal amount of _____ Dollars (\$_____).

The 2021 Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no 2021 Bond shall have more than one maturity date. The 2021 Bonds shall mature on August 1 in each of the years and in the amounts, and shall bear interest at the rates, as follows:

Maturity Date (August 1)	Principal Amount	Interest Rate
	\$	%

Interest on the 2021 Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Bond Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check

or draft of the Trustee mailed by first class mail to the Owner or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of the Bonds with respect to which written instructions have been filed with the Trustee prior to the Record Date, by wire transfer, at the address of such Owner as it appears on the Bond Registration Books. Principal of and premium (if any) on any 2021 Bond shall be paid upon presentation and surrender thereof at the Trust Office of the Trustee in St. Paul, Minnesota, or such other office designated by the Trustee. Both the principal of and interest and premium (if any) on the 2021 Bonds shall be payable in lawful money of the United States of America.

The 2021 Bonds shall be dated _____, 2021 and bear interest based on a 360-day year comprised of twelve 30-day months from the Interest Payment Date next preceding the date of authentication thereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of authentication is on or before to January 15, 2022 in which event such interest is payable from the date of issuance of the 2021 Bonds; provided, however, that if, as of the date of authentication of any 2021 Bond, interest thereon is in default, such 2021 Bond shall bear interest from the date to which interest has previously been paid or made available for payment thereon in full.

SECTION 2.02. Redemption of 2021 Bonds.

(a) Optional Redemption. The 2021 Bonds maturing on or before August 1, 20__ are not subject to optional redemption prior to maturity. The 2021 Bonds maturing on or after August 1, 20__ are subject to redemption prior to their respective maturity dates, at the option of LAVWMA, on any date on or after August 1, 20__, from any source of available funds, at the principal amount of the 2021 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

LAVWMA shall be required to give the Trustee written notice of its intention to redeem 2021 Bonds under this subsection (a) at least 30 days prior to the proposed redemption date.

(b) Additional Bonds. Any Parity Bonds issued pursuant to Section 3.05 of this Indenture may be made subject to redemption prior to maturity, as a whole or in part, at such time or times, and upon payment of the principal amount thereof and accrued interest thereon plus such premium or premiums, if any, as may be determined by LAVWMA in the applicable Parity Bonds Instrument.

(c) Notice of Redemption. Unless waived by any Owner of 2021 Bonds to be redeemed, notice of any redemption of 2021 Bonds shall be given, at the expense of LAVWMA, by the Trustee by mailing a copy of a redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Owner of the Bond or 2021 Bonds to be redeemed at the address shown on the Bond Registration Books; provided, that

neither the failure to receive such notice nor any immaterial defect in any notice shall affect the sufficiency of the proceedings for the redemption of the 2021 Bonds.

(d) Contents of Notice. All notices of redemption shall be dated and shall state:

- (i) the redemption date,
- (ii) the Redemption Price,
- (iii) if fewer than all Outstanding 2021 Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the 2021 Bonds to be redeemed,
- (iv) that on the redemption date the Redemption Price will become due and payable with respect to each such Bond or portion thereof called for redemption, and that interest with respect thereto shall cease to accrue from and after said date, and
- (v) the place or places where such Bonds are to be surrendered for payment of the Redemption Price, which places of payment may include the Trust Office of the Trustee.

The redemption notice may provide that redemption is conditional upon the availability of funds to accomplish the redemption and may state that LAVWMA has the right to rescind the notice.

(e) Consequences of Notice. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date such Bonds or portions of Bonds shall cease to have interest accrue thereon. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Trustee at the Redemption Price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Owner a new Bond or Bonds of the same maturity in the amount of the unredeemed principal. All Bonds which have been redeemed shall be cancelled and destroyed by the Trustee and shall not be redelivered. Neither the failure of any Bond Owner to receive any notice so mailed nor any defect therein shall affect the sufficiency of the proceedings for redemption of any Bonds nor the cessation of accrual of interest thereon.

(f) Partial Redemption of 2021 Bonds. In the event only a portion of any 2021 Bond is called for redemption, then upon surrender of such 2021 Bond redeemed in part only, LAVWMA shall execute and the Trustee shall authenticate and deliver to the Owner, at the expense of LAVWMA, a new 2021 Bond or 2021 Bonds, of the same maturity, of authorized

denominations in aggregate principal amount equal to the unredeemed portion of the 2021 Bond or 2021 Bonds.

(g) Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds, LAVWMA shall select the Bonds to be redeemed from all Bonds or such given portion thereof not previously called for redemption in the manner determined by LAVWMA, and the Trustee shall select the Bonds to be redeemed within a maturity by lot. For purposes of such selection, the Trustee shall treat each Bond as consisting of separate \$5,000 portions and each such portion shall be subject to redemption as if such portion were a separate Bond.

(h) Purchase of 2021 Bonds in Lieu of Redemption. In lieu of redemption of 2021 Bonds as provided in subsection (a) or (b) above, amounts in the Redemption Account of the Debt Service Fund may also be used and withdrawn by the Trustee at any time, upon the Request of LAVWMA filed with the Trustee no later than March 15 in any year, for the purchase of 2021 Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Debt Service Fund) as LAVWMA may in its discretion determine, but not to exceed the principal amount of such 2021 Bonds plus the redemption premium applicable on the next ensuing optional redemption date. LAVWMA shall, at the time of any such purchase, pay to the Trustee for deposit in the Debt Service Fund the amount of any deficiency in such Fund which may be caused by such purchase. All 2021 Bonds purchased pursuant to this Section shall be cancelled.

All 2021 Bonds redeemed pursuant to this Section and all 2021 Bonds purchased by LAVWMA pursuant to this subsection (h) shall be cancelled and destroyed pursuant to Section 9.08.

SECTION 2.03. Form of 2021 Bonds. The 2021 Bonds, the Trustee's certificate of authentication, and the assignment to appear thereon, shall be substantially in the respective forms set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

SECTION 2.04. Execution of 2021 Bonds. The 2021 Bonds shall be signed in the name and on behalf of LAVWMA with the manual or facsimile signatures of the Chair of its Board and its Treasurer. The 2021 Bonds shall then be delivered to the Trustee for authentication by it. In case any officer who shall have signed any of the 2021 Bonds shall cease to be such officer before the 2021 Bonds so signed shall have been authenticated or delivered by the Trustee or issued by LAVWMA, such 2021 Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon LAVWMA as though the individual who signed the same had continued to be such officer of LAVWMA. Also, any 2021 Bond may be signed on behalf of LAVWMA by any individual who on the actual

date of the execution of such 2021 Bond shall be the proper officer although on the nominal date of such 2021 Bond such individual shall not have been such officer.

Only such of the 2021 Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit A, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the 2021 Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

SECTION 2.05. Transfer of 2021 Bonds. Any 2021 Bond may, in accordance with its terms, be transferred upon the Bond Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such 2021 Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Any tax on such transfer shall be paid by the Bondholder requesting such transfer. Whenever any 2021 Bond shall be surrendered for transfer, LAVWMA shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new 2021 Bond or 2021 Bonds of like tenor, maturity and aggregate principal amount. No 2021 Bonds the notice of redemption of which has been mailed pursuant to Section 2.02(c) shall be subject to transfer pursuant to this Section.

SECTION 2.06. Exchange of 2021 Bonds. 2021 Bonds may be exchanged at the Trust Office of the Trustee, for 2021 Bonds of the same tenor and maturity and of other authorized denominations. Any tax on such exchange shall be paid by the Bondholder requesting such exchange. No 2021 Bonds the notice of redemption of which has been mailed pursuant to Section 2.02(c) shall be subject to exchange pursuant to this Section.

SECTION 2.07. Temporary Bonds. The 2021 Bonds may be issued initially in temporary form exchangeable for definitive 2021 Bonds when ready for delivery. The temporary 2021 Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by LAVWMA and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary 2021 Bond shall be executed by LAVWMA and be registered and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive 2021 Bonds. If LAVWMA issues temporary 2021 Bonds, it will execute and furnish definitive 2021 Bonds without delay, and thereupon the temporary 2021 Bonds may be surrendered, for cancellation, in exchange therefor at the Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary 2021 Bonds an equal aggregate principal amount of definitive 2021 Bonds of authorized denominations. Until so exchanged, the temporary 2021 Bonds shall be entitled to the same benefits under this Indenture as definitive 2021 Bonds authenticated and delivered hereunder.

SECTION 2.08. Bond Registration Books. The Trustee will keep or cause to be kept at its Trust Office sufficient Bond Registration Books for the registration and transfer of the Bonds,

which shall at all times during regular business hours be open to inspection by LAVWMA upon reasonable notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, 2021 Bonds as hereinbefore provided.

SECTION 2.09. Bonds Mutilated, Lost, Destroyed or Stolen. If any 2021 Bond shall become mutilated, LAVWMA, at the expense of the Owner of said 2021 Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new 2021 Bond of like maturity and principal amount in exchange and substitution for the 2021 Bond so mutilated, but only upon surrender to the Trustee of the 2021 Bond so mutilated. Every mutilated 2021 Bond so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the order of, LAVWMA. If any 2021 Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to it and indemnity satisfactory to it shall be given, LAVWMA, at the expense of the 2021 Bond Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new 2021 Bond of like maturity and principal amount in lieu of and in substitution for the 2021 Bond so lost, destroyed or stolen (or if any such 2021 Bond shall have matured or shall have been called for redemption, instead of issuing a substitute 2021 Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). LAVWMA may require payment of a reasonable fee for each new 2021 Bond issued under this Section and of the expenses which may be incurred by LAVWMA and the Trustee. Any 2021 Bond issued under the provisions of this Section in lieu of any 2021 Bond alleged to be lost, destroyed or stolen shall constitute an original contractual obligation on the part of LAVWMA whether or not the 2021 Bond alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other 2021 Bonds secured by this Indenture.

SECTION 2.10. Book Entry System.

(a) Original Delivery. The 2021 Bonds shall be initially delivered in the form of a separate single fully registered 2021 Bond (which may be typewritten) for each maturity of the 2021 Bonds. Upon initial delivery, the ownership of each such 2021 Bond shall be registered on the Bond Registration Books maintained by the Trustee pursuant to Section 2.08 hereof in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding 2021 Bonds shall be registered in the name of the Nominee on such Bond Registration Books.

With respect to 2021 Bonds the ownership of which shall be registered in the name of the Nominee, LAVWMA and the Trustee shall have no responsibility or obligation to any Depository System Participant or to any person on behalf of which LAVWMA holds an interest in the 2021 Bonds. Without limiting the generality of the immediately preceding sentence, LAVWMA and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant

with respect to any ownership interest in the 2021 Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any notice with respect to the 2021 Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the 2021 Bonds to be redeemed in the event LAVWMA elects to redeem the 2021 Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a 2021 Bond Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest represented by the 2021 Bonds or (v) any consent given or other action taken by the Depository as Owner of the 2021 Bonds. LAVWMA and the Trustee may treat and consider the person in whose name each 2021 Bond is registered as the absolute owner of such 2021 Bond for the purpose of payment of principal, premium, if any, and interest represented by such 2021 Bond, for the purpose of giving notices of redemption and other matters with respect to such 2021 Bond, for the purpose of registering transfers of ownership of such 2021 Bond, and for all other purposes whatsoever. The Trustee shall pay the principal, interest and premium, if any, represented by the 2021 Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal, interest and premium, if any, represented by the 2021 Bonds to the extent of the sum or sums so paid. No person other than a 2021 Bond Owner shall receive a 2021 Bond evidencing the obligation of LAVWMA to make payments of principal, interest and premium, if any, pursuant to this Indenture. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice LAVWMA shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the 2021 Bonds for the Depository's book-entry system, LAVWMA shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the 2021 Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon LAVWMA or the Trustee any obligation whatsoever with respect to persons having interests in the 2021 Bonds other than the 2021 Bond Owners. Upon the written acceptance by the Trustee, the Trustee shall agree to take all action reasonably necessary for all representations of the Trustee in such letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of such letter, LAVWMA may take any other actions, not inconsistent with this Indenture, to qualify the 2021 Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. In the event that either (i) the Depository determines not to continue to act as Depository for the 2021 Bonds, or (ii) LAVWMA determines to terminate the Depository as such, then LAVWMA shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with LAVWMA and the Trustee in the execution of replacement 2021 Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the 2021

Bonds, and by surrendering the 2021 Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement 2021 Bonds are to be issued. The Depository, by accepting delivery of the 2021 Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, LAVWMA fails to identify another Securities Depository to replace the Depository, then the 2021 Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging 2021 Bonds shall designate, in accordance with the provisions hereof.

In the event LAVWMA determines that it is in the best interests of the beneficial owners of the 2021 Bonds that they be able to obtain certificated 2021 Bonds, LAVWMA may notify the Depository System Participants of the availability of such certificated 2021 Bonds through the Depository. In such event, the Trustee will execute, transfer and exchange 2021 Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and LAVWMA shall cooperate with the Depository in taking appropriate action (y) to make available one or more separate certificates evidencing the 2021 Bonds to any Depository System Participant having 2021 Bonds credited to its account with the Depository, or (z) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such 2021 Bonds, all at LAVWMA's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any 2021 Bond is registered in the name of the Nominee, all payments with respect to principal, interest and premium, if any, represented by such 2021 Bond and all notices with respect to such 2021 Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

ARTICLE III

ISSUANCE OF 2021 BONDS; PARITY BONDS

SECTION 3.01. Issuance of 2021 Bonds. Upon the execution and delivery of this Indenture, LAVWMA shall execute and deliver 2021 Bonds in the aggregate principal amount of _____ Dollars (\$_____) to the Trustee for authentication and delivery to the Original Purchaser thereof upon the Request of LAVWMA.

SECTION 3.02. Application of Proceeds of Sale of 2021 Bonds. Upon the receipt of payment for the 2021 Bonds on the Closing Date in the amount of \$_____ (being an amount equal to the principal amount of the 2021 Bonds, plus original issue premium (\$_____), less underwriter's discount (\$_____)), the Trustee shall apply the proceeds of sale thereof as follows:

(a) The Trustee shall deposit in the Cost of Issuance Fund an amount equal to \$_____; and

(b) The Trustee shall transfer \$_____ to the Escrow Bank for deposit in the Escrow Fund.

The Trustee may, in its discretion, establish a temporary fund or account in its books and records to facilitate such transfers.

SECTION 3.03. Reserved.

SECTION 3.04. Cost of Issuance Fund. There is hereby created a fund to be known as the "Livermore-Amador Valley Water Management Agency 2021 Sewer Revenue Refunding Bonds Cost of Issuance Fund" (the "Cost of Issuance Fund"), which LAVWMA hereby covenants and agrees to cause to be maintained and which shall be held in trust by the Trustee. The moneys in the Cost of Issuance Fund shall be used solely for the purpose of the payment of Costs of Issuance upon receipt by the Trustee of Requests of LAVWMA therefor, on or after the Closing Date. Any funds remaining in the Cost of Issuance Fund six months after the Closing Date, shall be transferred by the Trustee to the Debt Service Fund.

SECTION 3.05. Issuance of Parity Bonds. In addition to the 2021 Bonds, LAVWMA may, under a Parity Bonds Instrument, issue or incur Parity Bonds to provide financing for the Enterprise, in such principal amount as shall be determined by LAVWMA. LAVWMA may issue or incur any such Parity Bonds subject to the following specific conditions, which are hereby made conditions precedent to the issuance and delivery of such Parity Bonds:

(a) LAVWMA shall be in compliance with all covenants set forth in this Indenture, except to the extent any breach of a covenant contained herein shall be cured by reason of the issuance of such Parity Bonds.

(b) (i) The Net Revenues of the Regional Members, calculated on sound accounting principles, as shown by the books of the Regional Members for the latest Fiscal Year or any more recent twelve (12) month period selected by the Regional Members ending not more than ninety (90) days prior to the adoption of the Parity Bonds Instrument pursuant to which such Parity Bonds are issued, as shown by the books of the Regional Members, plus, at the option of the Regional Members, any or all of the items hereinafter designated in the following Section 3.05(b)(iii), shall at least equal one hundred ten percent (110%) of the sum of: (1) DSRSD's (on behalf of itself and Pleasanton) pro rata share of Annual Debt Service for the immediately succeeding Fiscal Year, calculated in accordance with Section 4.01 of the Sewer Service Contract, with Annual Debt Service calculated on all Bonds to be Outstanding immediately subsequent to the issuance of such Parity Bonds which have a lien on LAVWMA Net Revenues; plus (2) annual debt service for the immediately succeeding Fiscal Year on all Obligations which have a lien on the aggregate Net Revenues of the Regional Members; and

(ii) Livermore's Net Revenues, calculated on sound accounting principles, as shown by the books of Livermore for the latest Fiscal Year or any more recent twelve (12) month period selected by Livermore ending not more than ninety (90) days prior to the adoption of the Parity Bonds Instrument pursuant to which such Parity Bonds are issued, as shown by the books of Livermore, plus, at the option of Livermore, any or all of the items hereinafter designated in the following Section 3.05(b)(iii), shall at least equal one hundred ten percent (110%) of the sum of: (1) Livermore's pro rata share of Annual Debt Service for the immediately succeeding Fiscal Year, calculated in accordance with Section 4.01 of the Sewer Service Contract, with Annual Debt Service calculated on all Bonds to be Outstanding immediately subsequent to the issuance of such Parity Bonds which have a lien on LAVWMA Net Revenues; plus (2) annual debt service on all Obligations which have a lien on Livermore's Net Revenues.

(iii) The items which may be added to such Net Revenues of a Member for the purpose of issuing or incurring Parity Bonds hereunder are:

(A) an allowance for earnings arising from Net Revenues of a Member resulting from any increase in the Charges which has become effective prior to the incurring of such Parity Bonds but which, during all or any part of such Fiscal Year or such twelve (12) month period, was not in effect, in an amount equal to the amount by which the Net Revenues of such Member would have been increased if such increase in Charges had been in effect during the whole of such Fiscal Year or such twelve (12) month period, all as shown in the written report of an Independent Consultant engaged by the applicable Member;

(B) an allowance for Net Revenues of a Member from any additions or improvements to or extensions of the Sewer System of such Member which, during all or any part of the most recent completed Fiscal Year for which audited financial statements are available or for any more recent twelve (12) month period selected by a Member, were not in service, all in an amount equal to seventy-five percent (75%) of the estimated additional average annual Net Revenues of such Member to be derived from such additions, improvements and extensions for the first thirty-six (36) month period in which each addition, improvement or extension is respectively to be in operation, all as shown by the certificate or opinion of a qualified independent engineer employed by such Member; and

(C) Regional Capacity Reserve Fees collected by the Regional Members, in an amount equal to the greater of: (1) Regional Capacity Reserve Fees collected by the Regional Members in the prior 12 months; or (2) the average annual amount of Regional Capacity Reserve Fees collected by the Regional Members during the prior 36 months.

(iv) For purposes of the calculations made under this Section 3.05(b):

(A) Net Revenues of the Regional Members shall not include any draws made by DSRSD from the Rate Stabilization Fund to pay Debt Service on the Bonds; and

(B) in the event the Parity Bonds are to be issued solely for the purpose of refunding and retiring any Bonds then Outstanding, interest and principal payments on the Bonds to be so refunded and retired from the proceeds of such Parity Bonds being issued shall be excluded from the foregoing computation of Annual Debt Service.

(c) The Parity Bonds Instrument providing for the issuance of such Parity Bonds under this Section 3.05 shall provide that the proceeds of such Parity Bonds shall be applied to the acquisition, construction, improvement, financing or refinancing of additional facilities, improvements or extensions of existing facilities within the Enterprise, or otherwise for facilities, improvements or property which LAVWMA determines are of benefit to the Enterprise, or for the purpose of refunding any Bonds in whole or in part, including all costs (including costs of issuing such Parity Bonds and including capitalized interest on such Parity Bonds during any period which LAVWMA deems necessary or advisable) relating thereto.

(d) The Sewer Service Contract shall be amended or supplemented, if needed, to provide that one or more of the Members is obligated to pay Debt Service on such Parity Bonds.

(e) Notwithstanding the foregoing, Parity Bonds issued to refund and retire Bonds then Outstanding may be delivered without satisfying the conditions set forth above if, at the time of the incurring of such refunding Parity Bonds, LAVWMA delivers to the Trustee one of the following:

(i) a Certificate of LAVWMA certifying that Maximum Annual Debt Service on all Outstanding Bonds after the incurring of such additional obligations will not exceed Maximum Annual Debt Service on all Bonds Outstanding prior to the incurring of such refunding Parity Bonds, or

(ii) a Certificate of LAVWMA certifying that Annual Debt Service in each Fiscal Year after the Fiscal Year in which such refunding Parity Bonds are issued is not greater than Annual Debt Service would have been in each such Fiscal Year prior to the issuance of such refunding Parity Bonds.

ARTICLE IV**PLEDGE OF LAVWMA NET REVENUES; FUNDS AND ACCOUNTS****SECTION 4.01. Revenue Fund; Pledge of LAVWMA Net Revenues.**

(a) There is hereby created a separate Fund to be known as the "LAVWMA 2021 Sewer Revenue Refunding Bonds Revenue Fund", herein referred to as the "Revenue Fund", to be held in trust by the Trustee. The Trustee shall transfer and disburse moneys in the Revenue Fund for the purposes and in the priority specified in Section 4.03.

All interest earnings and profits or losses on the investment of amounts in the Revenue Fund shall be deposited in or charged to the Revenue Fund and applied to the purposes thereof.

(b) LAVWMA hereby transfers, places a charge upon, assigns and sets over to the Trustee, for the benefit of the Owners, the LAVWMA Net Revenues as security for its obligation to pay the principal or Redemption Price of and interest on the Bonds in any Fiscal Year, together with all moneys on deposit in the Debt Service Fund, and the LAVWMA Net Revenues are hereby irrevocably pledged to the punctual payment of the principal or Redemption Price of and interest on the Bonds. The LAVWMA Net Revenues shall not be used for any other purpose while any of the Bonds remain Outstanding, except that out of LAVWMA Net Revenues there may be apportioned and paid such sums for such purposes, as are expressly permitted by this Article. Said pledge shall constitute a first, direct and exclusive charge and lien on the LAVWMA Net Revenues for the payment of the principal or Redemption Price of and interest on the 2021 Bonds in accordance with the terms thereof.

(c) The LAVWMA Net Revenues constitute a trust fund for the security and payment of the principal or Redemption Price of and interest on the Bonds. Neither the credit nor taxing power of LAVWMA is pledged for the payment of the principal or Redemption Price of and interest on the Bonds. The principal or Redemption Price of and interest on the Bonds are not a debt of LAVWMA, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of its property, or upon any of its income, receipts, or revenues except the LAVWMA Net Revenues.

SECTION 4.02. Receipt and Deposit of LAVWMA Net Revenues. LAVWMA covenants and agrees that the portion of the LAVWMA Net Revenues which is necessary to pay the principal or Redemption Price of and interest on the Bonds in any Fiscal Year will be paid to the Trustee not later than five (5) days prior to each Interest Payment Date, to be held in trust hereunder and will be deposited by the Trustee in the Revenue Fund, and will be accounted for through and held in trust in the Revenue Fund, and LAVWMA shall only have such beneficial right or interest in any of such money as in this Indenture provided. All such LAVWMA Net Revenues shall be transferred, disbursed, allocated and applied solely to the uses and purposes

hereinafter in this Article set forth, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of LAVWMA.

SECTION 4.03. Establishment of Funds and Accounts and Allocation of Revenues Thereo. The Debt Service Fund, as a special fund, and the Redemption Account, as a special account therein, are hereby created.

The Debt Service Fund and the Redemption Account therein shall be held and maintained by the Trustee. On or before the second day prior to each Interest Payment Date, the Trustee shall transfer from the Revenue Fund to the Debt Service Fund the amounts required under Section 4.04.

SECTION 4.04. Application of Debt Service Fund.

(a) The Trustee shall withdraw from the Debt Service Fund, on or prior to each Interest Payment Date, an amount equal to the Interest Requirement payable on such Interest Payment Date, and shall cause the same to be applied to the payment of said interest when due, and is hereby authorized to apply the same to the payment of such interest by check or draft (or by wire transfer, as the case may be), as provided in Section 2.01.

(b) The Trustee shall withdraw from the Debt Service Fund, on or prior to each Principal Installment Date, an amount equal to the principal amount of the Outstanding Serial Bonds, if any, maturing on said Principal Installment Date and any Sinking Fund Installments due and payable on said Principal Installment Date, and shall cause the same to be applied to the payment of the principal of said Bonds when due and is hereby authorized to apply the same to such payment upon presentation and surrender of the Bonds as they become due and payable, as provided in Section 2.01.

(c) All withdrawals and transfers under the provisions of subsection (a) or subsection (b) of this Section shall be made not earlier than one (1) day prior to the Interest Payment Date or Principal Installment Date to which they relate, and the amount so withdrawn or transferred shall, for the purposes of this Indenture, be deemed to remain in and be part of the Debt Service Fund until such Interest Payment Date or Principal Installment Date.

SECTION 4.05. Application of Redemption Account. On or before the date on which 2021 Bonds are subject to redemption pursuant to Section 2.02(a) or on which any Parity Bonds are subject to optional redemption pursuant to the provisions of the Parity Bonds Instrument authorizing such Parity Bonds, the Treasurer shall transfer to the Trustee for deposit in the Redemption Account an amount at least equal to the Redemption Price (excluding accrued interest, which is payable from the Debt Service Fund) of such Bonds to be redeemed on such date, net of any earnings on deposit therein. In addition, the Treasurer shall transfer to the Trustee for deposit in the Redemption Account all amounts required to redeem any 2021 Bonds which are subject to redemption pursuant to Section 2.02(b) and any Parity Bonds which are

subject to redemption pursuant to any similar provision of the Parity Bonds Instrument authorizing such Parity Bonds, when and as such amounts become available. Amounts in the Redemption Account shall be applied by the Trustee solely for the purpose of paying the Redemption Price of 2021 Bonds to be redeemed pursuant to Sections 2.02(a) or (b) and to pay the purchase price in the same manner and subject to the same limitation as purchasers of Bonds under Section 2.02(h) or the Redemption Price of any Parity Bonds to be redeemed pursuant to similar provisions of the Parity Bonds Instrument authorizing such Parity Bonds. If after all of the Bonds have been paid or deemed to have been paid, there are moneys remaining in the Redemption Account, such moneys shall be transferred by the Trustee to the Treasurer for deposit in the Revenue Fund.

SECTION 4.06. Investments. All moneys in the Debt Service Fund, Revenue Fund and Cost of Issuance Fund shall be invested by the Trustee solely in Authorized Investments, as directed pursuant to a Request of LAVWMA. In the absence of any such Request of LAVWMA, the Trustee shall, to the extent reasonably practical, invest any such moneys in Authorized Investments described in paragraph (f) of the definition thereof. Obligations purchased as an investment of moneys in any Fund or Account shall be deemed to be part of such Fund or Account, and all interest or gain derived from the investment of amounts in any of the Funds or Accounts established hereunder shall be deposited in the Fund or Account from which such investment was made; and shall be accounted for and applied as provided in Section 4.04(c) (with respect to the Debt Service Fund). For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder. The Trustee may act as principal or agent in the acquisition of any investment. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section.

LAVWMA acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant LAVWMA the right to receive brokerage confirmations of security transactions as they occur, LAVWMA will not receive such confirmations to the extent permitted by law. The Trustee will furnish LAVWMA periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

SECTION 4.07. Valuation; Investments. Except as otherwise provided in the following sentence, LAVWMA covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the 2021 Bonds (within the meaning of section 148 of the Tax Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Tax Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code.

ARTICLE V

COVENANTS OF LAVWMA; TAX COVENANTS

SECTION 5.01. Punctual Payment; Compliance With Documents. LAVWMA shall punctually pay or cause to be paid the interest and principal to become due with respect to all of the Bonds in strict conformity with the terms of the Bonds and of this Indenture, and will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Parity Bonds Instruments.

SECTION 5.02. Against Encumbrances. LAVWMA will not mortgage or otherwise encumber, pledge or place any charge upon the Enterprise or any part thereof, or upon any of the LAVWMA Net Revenues, except as provided in the Indenture.

SECTION 5.03. Discharge of Claims. LAVWMA covenants that in order to fully preserve and protect the priority and security of the Bonds LAVWMA shall pay from the LAVWMA Net Revenues and discharge all lawful claims for labor, materials and supplies furnished for or in connection with the Enterprise which, if unpaid, may become a lien or charge upon the LAVWMA Net Revenues prior or superior to the lien of the Bonds and impair the security of the Bonds. LAVWMA shall also pay from the LAVWMA Net Revenues all taxes and assessments or other governmental charges lawfully levied or assessed upon or in respect of the Enterprise or upon any part thereof or upon any of the LAVWMA Net Revenues therefrom.

SECTION 5.04. Acquisition, Construction or Financing of Improvements to the Enterprise. LAVWMA will acquire, construct, or finance Improvements to the Enterprise to be financed with the proceeds of any Parity Bonds with all practicable dispatch, and such Improvements will be made in an expeditious manner and in conformity with laws so as to complete the same as soon as possible.

SECTION 5.05. Maintenance and Operation of Enterprise in Efficient and Economical Manner. LAVWMA covenants and agrees to maintain and operate the Enterprise in an efficient and economical manner and to operate, maintain and preserve the Enterprise in good repair and working order.

SECTION 5.06. Against Sale, Eminent Domain.

LAVWMA will not sell, lease or otherwise dispose of the Enterprise or any part thereof essential to the proper operation of the Enterprise or to the maintenance of the LAVWMA Net Revenues except as herein expressly permitted. LAVWMA will not enter into any lease or agreement which impairs the operation of the Enterprise or any part thereof necessary to secure adequate LAVWMA Net Revenues for the payment of the interest on and principal or Redemption Price, if any, on the Bonds, or which would otherwise impair the rights of the

Holders with respect to the LAVWMA Net Revenues or the operation of the Enterprise. Any real or personal property which has become non-operative or which is not needed for the efficient and proper operation of the Enterprise, or any material or equipment which has worn out, may be sold without the consent of the Holders if such sale will not reduce LAVWMA Net Revenues and if all of the Net Proceeds of such sale are deposited in the Revenue Fund.

If all or any part of the Enterprise shall be taken by eminent domain proceedings, the Net Proceeds realized by LAVWMA therefrom shall be deposited by LAVWMA with the Trustee in a special fund in trust, to be established by the Trustee when a deposit is required therein, and applied by LAVWMA to the cost of acquiring or constructing or financing Improvements to the Enterprise if (A) LAVWMA first secures and files with the Trustee a Certificate of LAVWMA showing (i) the estimated loss in annual LAVWMA Net Revenues, if any, suffered, or to be suffered, by LAVWMA by reason of such eminent domain proceedings, (ii) a general description of the Improvements to the Enterprise then proposed to be acquired or constructed by LAVWMA from such Net Proceeds, and (iii) an estimate of the additional LAVWMA Net Revenues to be derived from such Improvements; and (B) such Certificate of LAVWMA shall state that such additional LAVWMA Net Revenues will sufficiently offset the loss of LAVWMA Net Revenues, resulting from such eminent domain proceedings so that the ability of LAVWMA to meet its obligations hereunder will not be substantially impaired, which determination shall be final and conclusive. If the foregoing conditions are met, LAVWMA shall then promptly proceed with the acquisition or construction or financing of such Improvements substantially in accordance with such Certificate of LAVWMA and payments therefor shall be made by the Trustee from such Net Proceeds and from other moneys of LAVWMA lawfully available therefor, and any balance of such Net Proceeds not required by LAVWMA for the purposes aforesaid shall be deposited in the Revenue Fund. If the foregoing conditions are not met, then such Net Proceeds shall be applied by the Trustee pro rata to the redemption or purchase of the Bonds of each Series then Outstanding in the proportion which the principal amount of the Outstanding Bonds of each Series bears to the aggregate principal amount of all Bonds then Outstanding. If the Trustee is unable to purchase or redeem Bonds in amounts sufficient to exhaust the available moneys allocable to each such Series, the remainder of such moneys for each such Series shall be held in trust by the Trustee and applied to the payment of the Bonds of such Series as the same become due by their terms, and, pending such application, such remaining moneys shall be invested by the Trustee in the manner provided in Section 4.06.

SECTION 5.07. Insurance. LAVWMA covenants that it shall at all times maintain such insurance on the Enterprise as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such works or properties. If any useful part of the Enterprise shall be damaged or destroyed, such part shall be restored to use. The Net Proceeds of insurance against accident to or destruction of the physical Enterprise shall be used for repairing or rebuilding the damaged or destroyed portions of the Enterprise.

Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to LAVWMA, or may be in the form of self-insurance by LAVWMA.

SECTION 5.08. Records and Accounts. LAVWMA covenants that it shall keep proper books of record and accounts of the Enterprise, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Enterprise. Said books shall, upon reasonable request, be subject to the inspection of the Owners of not less than ten percent (10%) of the Outstanding Bonds or their representatives authorized in writing.

LAVWMA covenants that it will cause the books and accounts of the Enterprise to be audited annually by an Independent Certified Public Accountant and will make the audit report available as set forth in the Continuing Disclosure Certificate.

LAVWMA covenants that it will cause to be prepared annually, not more than one hundred eighty (180) days after the close of each Fiscal Year, as a part of its regular annual financial report, a summary statement showing the amount of LAVWMA Gross Revenues and the amount of all other funds collected which are required to be pledged or otherwise made available as security for payment of principal of and interest on the Bonds, the disbursements from the LAVWMA Gross Revenues and other funds in reasonable detail, and a general statement of the financial and physical condition of the Enterprise. LAVWMA shall furnish a copy of the statement to the Trustee, and upon written request, to any Bond Owner.

SECTION 5.09. Protection of Security and Rights of Owners. LAVWMA will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any Parity Bonds by LAVWMA, such Parity Bonds shall be incontestable by LAVWMA.

SECTION 5.10. Against Competitive Facilities. LAVWMA will not acquire, construct, operate or maintain any or utility within the service area of LAVWMA that would be competitive with the Enterprise.

SECTION 5.11. Payment of Taxes, Etc. LAVWMA will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Enterprise or any part thereof or upon any Revenues when the same shall become due. LAVWMA will duly observe and conform with all valid requirements of any governmental authority relative to the Enterprise or any part thereof, and will comply with all requirements with respect to any state or federal grants received to assist in paying for the costs of the acquisition, construction or financing of any Improvements to the Enterprise.

SECTION 5.12. Enforcement of Sewer Service Contract and Regional Agreement. LAVWMA shall enforce its right to receive payments from the Members under the Sewer

Service Contract, and, as third party beneficiary of the Regional Agreement, to ensure timely payment on the Bonds.

SECTION 5.13. No Priority for Additional Obligations. LAVWMA covenants that no additional bonds or other obligations shall be issued or incurred having any priority in payment of principal or interest out of the LAVWMA Net Revenues over the Bonds. Nothing in this Indenture shall prohibit or impair the authority of LAVWMA to issue bonds or other obligations secured by a lien on LAVWMA Gross Revenues or LAVWMA Net Revenues which is subordinate to the lien established hereunder, upon such terms and in such principal amounts as LAVWMA may determine.

SECTION 5.14. No Arbitrage. LAVWMA will not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the 2021 Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2021 Bonds would have caused the 2021 Bonds to be "arbitrage bonds" within the meaning of section 148 of the Tax Code.

SECTION 5.15. Information Report. The Treasurer is hereby directed to assure the filing of an information report for the 2021 Bonds in compliance with Section 149 (e) of the Tax Code.

SECTION 5.16. Private Business Use Limitation. LAVWMA will assure that the proceeds of the 2021 Bonds are not so used as to cause the 2021 Bonds to satisfy the private business tests of section 141(b) of the Tax Code or the private loan financing test of section 141(c) of the Tax Code.

SECTION 5.17. Private Loan Limitation. Not more than five percent (5%) of the net proceeds of the 2021 Bonds shall be used, directly or indirectly, to make or finance a loan to persons other than state or local government units.

SECTION 5.18. Federal Guarantee Prohibition. LAVWMA shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the 2021 Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Tax Code.

SECTION 5.19. Further Assurances. LAVWMA will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Indenture.

SECTION 5.20. Continuing Disclosure. LAVWMA hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of LAVWMA to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the

Trustee, at the written request of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding 2021 Bonds, shall, but only to the extent indemnified to its satisfaction from any liability or expense, including, without limitation fees and expenses of its attorneys, or any holder or beneficial owner of the 2021 Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

SECTION 5.21. Rebate Requirement. LAVWMA shall take any and all actions necessary to assure compliance with section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the 2021 Bonds.

SECTION 5.22. Maintenance of Tax-Exemption. LAVWMA shall take all actions necessary to assure the exclusion of interest on the 2021 Bonds from the gross income of the Owners of the 2021 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the date of issuance of the 2021 Bonds.

SECTION 5.23. Record Retention. LAVWMA will retain its records of all accounting and monitoring it carries out with respect to the 2021 Bonds for at least 3 years after the 2021 Bonds mature or are redeemed (whichever is earlier); however, if the 2021 Bonds are redeemed and refunded, LAVWMA will retain its records of accounting and monitoring at least 3 years after the earlier of the maturity or redemption of the obligations that refunded the 2021 Bonds.

SECTION 5.24. Compliance with Tax Certificate. LAVWMA will comply with the provisions of the Certificate as to Arbitrage and the Certificate Regarding Use of Proceeds with respect to the 2021 Bonds, which are incorporated herein as if fully set forth herein. The covenants of this Section will survive payment in full or defeasance of the 2021 Bonds.

ARTICLE VI**THE TRUSTEE**

SECTION 6.01. Appointment of Trustee. U.S. Bank National Association, in San Francisco, California, is hereby appointed Trustee by LAVWMA for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture. LAVWMA agrees that it will maintain a Trustee having a corporate trust office in San Francisco, California, with a combined capital and surplus of at least One Hundred Million Dollars (\$100,000,000), and subject to supervision or examination by federal or State authority, so long as any Bonds are Outstanding. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section 6.01 the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is hereby authorized to pay the Bonds when duly presented for payment at maturity, or on redemption or purchase prior to maturity, and to cancel all Bonds upon payment thereof. The Trustee shall keep accurate records of all funds administered by it and of all Bonds paid and discharged.

SECTION 6.02. Acceptance of Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default and after curing or waiving all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default hereunder has occurred (which has not been cured or waived) the Trustee may exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill in their exercise, as a prudent and reasonable man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers but shall be answerable for the selection of the same in accordance with the standard specified above, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder.

(c) The Trustee shall not be responsible for any recital herein, or in the Bonds, or for the validity of this Indenture or any of the supplements thereto or

instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of LAVWMA hereunder. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 4.06.

(d) The Trustee shall not be accountable for the use of any proceeds of sale of the Bonds delivered hereunder. The Trustee may become the Owner of Bonds secured hereby with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidence of indebtedness of LAVWMA with the same rights it would have if it were not the Trustee; and may act as a depositary for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Bonds, whether or not such committee shall represent the Owners of the majority in principal amount of the Bonds then Outstanding.

(e) In the absence of bad faith on its part, the Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith and without negligence pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Bond or to take any action at his request unless the ownership of such Bond by such person shall be reflected on the Bond Registration Books.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a Certificate of LAVWMA as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default hereunder of which the Trustee has been given notice or is deemed to have notice, as provided in Section 6.02(h) hereof, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a Certificate of LAVWMA to the effect that an authorization in the form therein set forth has been adopted by LAVWMA, as conclusive evidence that such authorization has been duly adopted and is in full force and effect.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful default. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except failure by LAVWMA to make any of the payments to the Trustee required to be made by LAVWMA pursuant hereto or failure by LAVWMA to file with the Trustee any document required by this Indenture to be so filed subsequent to the issuance of the Bonds, unless the Trustee shall be specifically notified in writing of such default by LAVWMA or by the Owners of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Trust Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default hereunder except as aforesaid.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right, but not the duty, to fully to inspect the Enterprise, including all books, papers and records of LAVWMA pertaining to the Enterprise and the Bonds, and to take such memoranda from and with regard thereto as may be desired but which is not privileged by statute or by law.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(k) With respect to any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, as may be deemed desirable for the purpose of establishing the right of LAVWMA to the execution of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking the action referred to in Section 8.02 the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default in connection with any such action.

(m) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were

received but need not be segregated from other funds except to the extent required by law. The Trustee shall not be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(n) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

SECTION 6.03. Fees, Charges and Expenses of Trustee. The Trustee shall be paid and reimbursed by LAVWMA for reasonable fees for its services rendered hereunder and all advances, counsel fees (including expenses) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon the occurrence of an Event of Default hereunder, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment of any Bond upon the amounts held hereunder for the foregoing fees, charges and expenses incurred by it respectively.

SECTION 6.04. Notice to Bond Owners of Default. If an Event of Default hereunder occurs with respect to any Bonds, of which the Trustee has been given or is deemed to have notice, as provided in Section 6.02(h) hereof, then the Trustee shall promptly give written notice thereof by first-class mail to the Owner of each such Bond, unless such Event of Default shall have been cured before the giving of such notice; provided, however, that unless such Event of Default consists of the failure by LAVWMA to make any payment when due, the Trustee may elect not to give such notice if and so long as the Trustee in good faith determines that it is in the best interests of the Bond Owners not to give such notice.

SECTION 6.05. Intervention by Trustee. In any judicial proceeding to which LAVWMA is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of any of the Bonds, the Trustee may intervene on behalf of such Bond Owners, and subject to Section 6.02(l) hereof, shall do so if requested in writing by the Owners of at least twenty-five percent (25%) in aggregate principal amount of such Bonds then Outstanding.

SECTION 6.06. Removal of Trustee. The Owners of a majority in aggregate principal amount of the Outstanding Bonds may at any time, and LAVWMA may so long as no Event of Default shall have occurred and then be continuing, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee (where applicable), whereupon LAVWMA or such Owners, as the case may be, shall appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company meeting the requirements set forth in Section 6.01 hereof.

SECTION 6.07. Resignation by Trustee. The Trustee and any successor Trustee may at any time resign by giving thirty (30) days' written notice by registered or certified mail to LAVWMA. Upon receiving such notice of resignation, LAVWMA shall promptly appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. Upon such acceptance, LAVWMA shall cause notice thereof to be given by first class mail to the Bond Owners at their respective addresses set forth on the Bond Registration Books. No resignation of the Trustee shall take effect until a successor is appointed and has accepted.

SECTION 6.08. Appointment of Successor Trustee. In the event of the removal or resignation of the Trustee pursuant to Sections 6.06 or 6.07, respectively, LAVWMA shall promptly appoint a successor Trustee. In the event LAVWMA shall for any reason whatsoever fail to appoint a successor Trustee within forty-five (45) days following the delivery to the Trustee of the instrument described in Section 6.06 or within forty-five (45) days following the receipt of notice by LAVWMA pursuant to Section 6.07, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of Section 6.01 hereof. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder notwithstanding any action by LAVWMA purporting to appoint a successor Trustee following the expiration of such forty-five-day period.

SECTION 6.09. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated, or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business (provided that such company shall be eligible under Section 6.01), shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

SECTION 6.10. Concerning any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to LAVWMA an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the Request of LAVWMA, or of its successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from LAVWMA be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by LAVWMA.

SECTION 6.11. Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section 6.11 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from LAVWMA be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by LAVWMA. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

SECTION 6.12. Indemnification; Limited Liability of Trustee. LAVWMA shall indemnify and hold the Trustee harmless from and against all claims, losses, costs, expenses, liabilities and damages including legal fees and expenses arising from the exercise and performance of its duties hereunder. Such indemnity shall survive the resignation or removal of the Trustee hereunder. No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder if it shall have reasonable grounds for believing repayment of such funds or adequate indemnity against such liability or risk is not assured to it. The Trustee shall not be liable for any action taken or omitted to be taken by it in accordance with the direction of a majority of the Owners of the principal amount of Bonds Outstanding relating to the time, method and place of conducting any proceeding or remedy available to the Trustee under this Indenture.

ARTICLE VII

MODIFICATION AND AMENDMENT OF THE INDENTURE

SECTION 7.01. Amendment by Consent of Bond Owners. This Indenture and the rights and obligations of LAVWMA and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 7.03 hereof, are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of LAVWMA to pay the principal, interest or redemption premiums at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

SECTION 7.02. Amendment Without Consent of Bondholders. This Indenture and the rights and obligations of LAVWMA and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture which shall become binding upon execution and delivery, without consent of any Bond Owners, but only to the extent permitted by law and only for any one or more of the following purposes-

- (a) to add to the covenants and agreements of LAVWMA in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon LAVWMA; or
- (b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in any other respect whatsoever as LAVWMA may deem necessary ,or desirable, provided under any circumstances that such modifications or amendments shall not adversely affect the interests of the Owners of the Bonds;
- (c) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds.

SECTION 7.03. Disqualified Bonds. Bonds owned or held by or for the account of LAVWMA (but excluding Bonds held in any employees' retirement fund) shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds in this article provided for, and shall not be entitled to consent to, or take any other action in this article provided for.

SECTION 7.04. Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as hereinabove provided, LAVWMA may determine that the Bonds shall bear a notation, by endorsement in form approved by LAVWMA, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Trust Office of the Trustee, a suitable notation as to such action shall be made on such Bond. If LAVWMA shall so determine, new Bonds so modified as, in the opinion of LAVWMA, shall be necessary to conform to such Bond Owners' action shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the Trust Office of the Trustee, without cost to each Bond Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

SECTION 7.05. Amendment by Mutual Consent. The provisions of this Article VII shall not prevent any Bond Owner from accepting any amendment as to the particular Bond held by him, provided that due notation thereof is made on such Bond.

ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES OF BOND OWNERS;

SECTION 8.01. Events of Default. The following events shall be Events of Default hereunder:

(a) Default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(b) Default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(c) Default by LAVWMA in the observance of any of the other covenants, agreements or conditions on its part in this Indenture or in any Parity Bonds Instrument or in the Bonds contained, and such default shall have continued for a period of sixty (60) days after LAVWMA shall have been given notice in writing of such default by the Trustee; or

(d) The filing by LAVWMA of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of LAVWMA, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of LAVWMA or of the whole or any substantial part of its property.

(e) Default by LAVWMA or Members in the observance of any of the covenants, agreements or conditions on their part in the Sewer Service Contract and such default shall have continued for a period of thirty (30) days after LAVWMA or the Members shall have been given notice in writing of such default to the Trustee.

SECTION 8.02. Remedies; Rights of Bond Owners. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy, at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds, and to enforce any rights of the Trustee under or with respect to this Indenture, the Sewer Service Contract and the Regional Agreement.

If an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding

Bonds and indemnified as provided in Section 6.02(l), the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article VIII, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bond Owners.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bond Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bond Owners hereunder or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

All of the LAVWMA Net Revenues and all sums in the funds and accounts established and held by the Trustee hereunder, upon the occurrence of an Event of Default, as provided in Section 8.01(a) or 8.01(b), and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee first, to the payment of all amounts due to the Trustee under Section 6.03, and then, to the payment of the whole amount then owing and unpaid upon the 2021 Bonds for interest and principal with interest on such overdue amounts at the respective rates of interest borne by the Outstanding 2021 Bonds, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the 2021 Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably to the aggregate of such interest, principal and interest on overdue amounts.

SECTION 8.03. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation. Any suit, action or proceeding which any Owner of Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee is hereby appointed (and the successive respective Owners of the Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners of the Bonds for the purpose of

bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

SECTION 8.04. Appointment of Receivers. Upon the occurrence of an Event of Default hereunder, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bond Owners under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the LAVWMA Net Revenues and other amounts pledged hereunder, pending such proceedings, with such powers as the court making such appointment shall confer.

SECTION 8.05. Non-Waiver. Nothing in this Article VIII or in any other provision of this Indenture, or in the Bonds, shall affect or impair the obligation of LAVWMA, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as herein provided, out of the LAVWMA Net Revenues and other moneys herein pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Bond Owners shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of any Owner of any of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy conferred upon the Trustee or Bond Owners by the Bond Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Bond Owners, as the case may be.

If a suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Bond Owners, LAVWMA and the Bond Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

SECTION 8.06. Rights and Remedies of Bond Owners. No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and interest and premium (if any) on such Bond as herein provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

SECTION 8.07. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, LAVWMA, the Trustee and the Bond Owners shall be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

SECTION 8.08. No Limitation on Refunding Bonds. Refunding bonds may be issued at any time without regard to whether an Event of Default exists.

ARTICLE IX**MISCELLANEOUS**

SECTION 9.01. Limited Liability of LAVWMA. Notwithstanding anything in this Indenture contained, LAVWMA shall not be required to advance any moneys derived from any source of income other than the LAVWMA Net Revenues for the payment of the principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any covenants herein contained (except to the extent any such covenants are expressly payable hereunder from the LAVWMA Gross Revenues). LAVWMA may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by LAVWMA for such purpose without incurring indebtedness.

SECTION 9.02. Benefits of Indenture Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than LAVWMA, the Trustee and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of LAVWMA shall be for the sole and exclusive benefit of the Trustee, and the Owners of the Bonds.

SECTION 9.03. Discharge of Indenture. If LAVWMA shall pay and discharge any or all of the Outstanding Bonds in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on such Bonds, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to this Indenture, is fully sufficient to pay such Bonds, including all principal, interest and redemption premiums; or

(c) by depositing with a qualified escrow holder, in trust, Defeasance Obligations in such amount as LAVWMA (verified by an Independent Certified Public Accountant) shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the Funds and Accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums, if any) at or before their respective maturity dates;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been mailed pursuant to Section 2.02(c) or provision satisfactory to the

Trustee shall have been made for the mailing of such notice, then, at the election of LAVWMA, and notwithstanding that any of such Bonds shall not have been surrendered for payment, the pledge of the LAVWMA Net Revenues and other funds provided for in this Indenture with respect to such Bonds, and all other pecuniary obligations of LAVWMA under this Indenture with respect to all such Bonds, shall cease and terminate, except only the obligation of LAVWMA to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose as aforesaid, and all expenses and costs of the Trustee. Notice of such election shall be filed with the Trustee.

Any funds thereafter held by the Trustee, which are not required for said purposes, shall be paid over to LAVWMA.

To accomplish defeasance LAVWMA shall cause to be delivered (i) a report of an Independent Certified Public Accountant verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or earlier redemption date ("Verification"), (ii) an escrow deposit agreement, and (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer "Outstanding" under this Indenture; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to LAVWMA and the Trustee.

SECTION 9.04. Content of Certificates. Every certificate with respect to compliance with a condition or covenant provided for in this Indenture shall include (a) a statement that the person or persons making or giving such certificate have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate made or given by an officer of LAVWMA may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion or representation made or given by counsel may be based, insofar as it relates to factual matters, on information with respect to which is in the possession of LAVWMA, upon the certificate or opinion of or representations by an officer or officers of LAVWMA, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his certificate, opinion or representation may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

SECTION 9.05. Execution of Documents by Bond Owners. Any request, consent or other instrument required by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Bond Owners in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of LAVWMA if made in the manner provided in this Section 9.05.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof.

The ownership of Bonds shall be provided by the Bond Registration Books.

Any request, consent or vote of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of any Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or LAVWMA in pursuance of such request, consent or vote.

In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of LAVWMA (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held shall be disregarded.

In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting of the Bond Owners upon such notice and in accordance with such rules and obligations as the Trustee considers fair and reasonable for the purpose of obtaining any such action.

SECTION 9.06. Waiver of Personal Liability. No officer, agent or employee of LAVWMA shall be individually or personally liable for the payment of the interest on or principal of the Bonds; but nothing herein contained shall relieve any such officer, agent or employee from the performance of any official duty provided by law.

SECTION 9.07. Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in this Indenture on the part of LAVWMA (or of the Trustee) to be performed should be contrary to law, then such covenant or covenants, such agreement or

agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Indenture or of the Bonds; but the Bond Owners shall retain all rights and benefits accorded to them under the Bond Law or any other applicable provisions of law. LAVWMA hereby declares that it would have entered into this Indenture and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any, one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 9.08. Destruction of Cancelled Bonds. Whenever in this Indenture provision is made for the surrender to LAVWMA of any Bonds which have been paid or cancelled pursuant to the provisions of this Indenture, the Trustee shall destroy such Bonds and furnish to LAVWMA a certificate of such destruction.

SECTION 9.09. Funds and Accounts. Any Fund or Account required by this Indenture to be established and maintained by LAVWMA or the Trustee may be established and maintained in the accounting records of LAVWMA or the Trustee, as the case may be, either as a Fund or an Account, and may, for the purpose of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a Fund or as an Account. All such records with respect to all such Funds and Accounts held by LAVWMA shall at all times be maintained in accordance with generally accepted accounting principles and all such records with respect to all such Funds and Accounts held by the Trustee shall be at all times maintained in accordance with corporate trust industry practices; in each case with due regard for the protection of the security of the Bonds and the rights of every Owner thereof.

SECTION 9.10. Notices. Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, or sent by telegram, addressed as follows: if to LAVWMA, to Livermore-Amador Valley Water Management Agency, 7051 Dublin Boulevard, Dublin, CA 94568, Attention: General Manager, with a copy to LAVWMA Treasurer c/o Dublin San Ramon Services District, 7051 Dublin Boulevard, Dublin, CA 94568; and if to the Trustee, at One California Street, Suite 1000, San Francisco, CA 94111, Attention: Corporate Trust Services. LAVWMA and the Trustee may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 9.11. Unclaimed Moneys. Anything in this Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee after said date when such Bonds become

due and payable, shall, at the Request of LAVWMA, be repaid by the Trustee to LAVWMA, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to LAVWMA for the payment of such Bonds; provided, however, that before being required to make any such payment to LAVWMA, the Trustee shall, at the expense of LAVWMA, cause to be mailed to the Owners of all such Bonds, at their respective addresses appearing on the Bond Registration Books, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall not be less than thirty (30) days after the date of mailing of such notice, the balance of such moneys then unclaimed will be returned to LAVWMA.

SECTION 9.12. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as LAVWMA and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

SECTION 9.13. Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State of California.

SECTION 9.14. Binding Effect; Successors; Benefits Limited to Parties. This Indenture shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever herein either LAVWMA or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements contained herein by or on behalf of LAVWMA or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not. Nothing herein expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than LAVWMA, the Trustee or the Bond Owners, any right, remedy or claim hereunder or by reason hereof or of any covenant, condition or stipulation contained herein. All covenants, stipulations, promises and agreements contained herein by or on behalf of LAVWMA shall be for the sole and exclusive benefit of LAVWMA, the Trustee and the Bond Owners.

SECTION 9.15. Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. All references herein to "Articles", "Sections", and other subdivisions are to the corresponding Articles, Sections or subdivisions hereof; and the words "herein", "hereof", "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

SECTION 9.16. Waiver of Notice. Whenever the giving of notice by mail or otherwise is required hereunder, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 9.17. Severability of Invalid Provisions. In case any one or more of the provisions contained herein or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Indenture and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases hereof may be held illegal, invalid or unenforceable.

IN WITNESS WHEREOF, the LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY has caused this Indenture to be signed in its name by its Chair and attested by its General Manager, and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

LIVERMORE-AMADOR VALLEY WATER
MANAGEMENT AGENCY

By _____
Chair

Attest:

By _____
General Manager

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Vice President

EXHIBIT A**FORM OF BOND**

UNITED STATES OF AMERICA
 STATE OF CALIFORNIA
 COUNTY OF ALAMEDA

LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY
 2021 SEWER REVENUE REFUNDING BOND

NO. _____ \$ _____

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
	August 1, _____	_____, 2021	

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

Under and by virtue of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Bond Law"), the Livermore-Amador Valley Water Management Agency ("LAVWMA"), a joint exercise of powers agency formed by the Dublin-San Ramon Services District ("DSRSD") and of the City of Livermore ("Livermore") and the City of Pleasanton ("Pleasanton") (together, DSRSD, Livermore and Pleasanton are sometimes referred to herein as the "Members"), for value received, will (subject to any right of prior redemption hereinafter provided for), on the Maturity Date specified above, pay to the Registered Owner named above, or registered assigns (the "Owner"), the Principal Amount stated above, in lawful money of the United States of America, and pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless (i) this Bond is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, or (ii) this Bond is authenticated on or before to January 15, 2022, in which event it shall bear interest from the Dated Date stated above; provided, however, that if at the time of authentication of this Bond,

interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Bond) until payment of such Principal Amount in full, at the Interest Rate per annum stated above, payable on February 1 and August 1 in each year, commencing February 1, 2022 (each an "Interest Payment Date"), calculated on the basis of a 360-day year comprised of twelve 30-day months. Capitalized terms herein not defined shall have the meanings given to said terms in the Indenture (as herein defined).

Principal hereof and premium, if any, upon early redemption hereof are payable at the corporate trust office of U.S. Bank National Association (the "Trustee"), in St. Paul, Minnesota. Interest hereon (including the final interest payment upon maturity or earlier redemption) is payable by check of the Trustee mailed by first class mail to the Owner at the Owner's address as it appears on the registration books maintained by the Trustee as of the close of business on the fifteenth (15th) day of the month next preceding such Interest Payment Date (the "Record Date"); provided, that at the option of any Owner of at least \$1,000,000 aggregate principal amount of the 2021 Bonds with respect to which written instructions have been filed with the Trustee prior to the Record Date, such interest may be paid by wire transfer.

This Bond is one of a duly authorized issue of Bonds of LAVWMA designated as its "2021 Sewer Revenue Refunding Bonds" (the "2021 Bonds") issued and to be issued under and pursuant to the Bond Law and an Indenture of Trust (the "Indenture") by and between LAVWMA and the Trustee, dated as of August 1, 2021, and approved by LAVWMA by Resolution No. ____, adopted by the Board of Directors of LAVWMA on _____, 2021 (the "Resolution"). Copies of the Indenture are on file at the office of LAVWMA and at the above-mentioned office of the Trustee, and reference to the Indenture and any and all supplements thereto and modifications and amendments thereof and to the Bond Law is made for a description of the terms on which the 2021 Bonds are issued, the provisions with regard to the nature and extent of the LAVWMA Net Revenues, as that term is defined in the Indenture, and the rights of the Owners of the 2021 Bonds. All the terms of the Indenture and the Bond Law are hereby incorporated herein and constitute a contract between LAVWMA and the Owner from time to time of this Bond, and to all the provisions thereof the Owner of this Bond, by acceptance hereof, consents and agrees. Each taker and subsequent Owner hereof shall have recourse to all of the provisions of the Bond Law and the Indenture and shall be bound by all of the terms and conditions thereof.

The 2021 Bonds are being issued for the purpose of providing funds (i) to refund LAVWMA's outstanding \$105,345,000 initial principal amount Livermore-Amador Valley Water Management Agency 2011 Sewer Revenue Refunding Bonds and (ii) to pay certain costs of issuing the 2021 Bonds.

The 2021 Bonds are special obligations of LAVWMA, and are secured by amounts held from time to time in the Debt Service Fund established and held by the Trustee under the Indenture and, subject to certain restrictions set forth in the Indenture, a pledge of and lien on

certain LAVWMA Net Revenues (as defined in the Indenture) generated by the Members' Sewer Systems and paid to LAVWMA in consideration of LAVWMA's agreement to dispose of the Members' treated wastewater, as provided in that certain Second Amended and Restated Sewer Service Contract, dated as of August 1, 2021, among LAVWMA and the Members (the "Sewer Service Contract").

Neither the general fund, the full faith and credit, nor the taxing power of the Members, the State of California or any other political subdivision thereof is pledged to the payment of the 2021 Bonds. The 2021 Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of LAVWMA or any of its income or receipts except the LAVWMA Net Revenues. LAVWMA has no taxing power.

Pursuant to the Sewer Service Contract, the Members have covenanted that they will at all times fix, prescribe and collect rates, fees and charges in certain amounts specified in the Sewer Service Contract.

The 2021 Bonds maturing on or before August 1, 20__ are not subject to optional redemption prior to maturity. The 2021 Bonds maturing on or after August 1, 20__ are subject to redemption prior to their respective maturity dates, at the option of LAVWMA, on any date on or after August 1, 20__, from any source of available funds, at the principal amount of the 2021 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Unless waived by any Owner of 2021 Bonds to be redeemed, notice of any redemption of Bonds shall be given, at the expense of LAVWMA, by the Trustee by mailing a copy of a redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Owner of the 2021 Bond or 2021 Bonds to be redeemed at the address shown on the Bond Registration Books; provided, that neither the failure to receive such notice nor any immaterial defect in any notice shall affect the sufficiency of the proceedings for the redemption of the Bonds. Any redemption notice may be conditional and may be rescinded in the circumstances described in the Indenture.

If this 2021 Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

The 2021 Bonds are issuable as fully registered Bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Indenture, Bonds may be exchanged for a like aggregate principal amount of 2021 Bonds of other authorized denominations and of the same maturity.

This 2021 Bond is transferable by the Owner hereof, in person, or by his attorney duly authorized in writing, at said office of the Trustee in St. Paul, Minnesota, but only in the manner and subject to the limitations provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new 2021 Bond or 2021 Bonds, of any authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

LAVWMA and the Trustee may treat the Owner hereof as the absolute Owner hereof for all purposes, and LAVWMA and the Trustee shall not be affected by any notice to the contrary.

Unless this 2021 Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

The Indenture may be amended without the consent of the Owners of the 2021 Bonds to the extent set forth in the Indenture.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this 2021 Bond do exist, have happened or have been performed in due and regular time and manner as required by the laws of the State of California and that the amount of this Bond, together with all other indebtedness of LAVWMA, does not exceed any limit prescribed by any laws of the State of California, and is not in excess of the amount of 2021 Bonds permitted to be issued under the Indenture.

This 2021 Bond shall not become valid or obligatory for any purpose or be entitled to the benefits of the Indenture until the certificate of authentication and registration hereon shall have been manually signed by an authorized officer or signatory of the Trustee.

IN WITNESS WHEREOF, the Livermore-Amador Valley Water Management Agency has caused this 2021 Bond to be executed in its name and on its behalf with the facsimile signatures of its Chair and Treasurer, all as of the __ day of _____, 2021.

LIVERMORE-AMADOR VALLEY WATER
MANAGEMENT AGENCY

By _____
Chair

By _____
Treasurer

CERTIFICATE OF AUTHENTICATION

This is one of the 2021 Bonds described in the within-mentioned Indenture.

Dated:

[U.S. BANK NATIONAL ASSOCIATION,
as Trustee]

By: _____
Authorized Signatory

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____ whose address and social security or other tax identifying number is _____, the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor institution (banks, stockbrokers, saving and loan associations and credit unions with membership in an approved signature medallion program) pursuant to Securities and Exchange Agency Rule 17AD-15).

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Certificate in every particular without alteration or enlargement or any change whatsoever.

Jones Hall draft 7-9-21

**LIVERMORE-AMADOR VALLEY
WATER MANAGEMENT AGENCY**

**SECOND AMENDED AND RESTATED
SEWER SERVICE CONTRACT**

Dated as of August 1, 2021

**LIVERMORE-AMADOR VALLEY
WATER MANAGEMENT AGENCY**

**SECOND AMENDED AND RESTATED
SEWER SERVICE CONTRACT**

This Second Amended and Restated Sewer Service Contract (“Contract”), dated as of August 1, 2021, by and among the Livermore-Amador Valley Water Management Agency (“LAVWMA”), the City of Livermore (“Livermore”), the City of Pleasanton (“Pleasanton”), and the Dublin San Ramon Services District (“District”), amends and restates in whole that certain Amended and Restated Sewer Service Contract, dated as of October 1, 2011, among LAVWMA, Pleasanton, the District and Livermore (the “2011 Sewer Service Contract”);

WITNESSETH

WHEREAS, LAVWMA is a joint exercise of powers agency duly organized and existing under and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement, entered into on September 10, 1997, by and among the District, Pleasanton and Livermore, and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Act”), and is authorized pursuant to Article 4 (commencing with Section 6584) of the Act to issue revenue bonds to finance facilities for the receipt, transport and disposal of treated wastewater;

WHEREAS, LAVWMA acquired and constructed facilities for the receipt, transport and disposal of treated wastewater from the Livermore-Amador Valley in order to carry out the purposes for which it was established;

WHEREAS, pursuant to an Agreement for Maintenance of LAVWMA Facilities between LAVWMA and the District, dated January 15, 1980, as amended (the “Maintenance Agreement”), the District agreed to perform required operational and maintenance tasks upon LAVWMA’s wastewater receipt, transport and disposal facilities;

WHEREAS, LAVWMA transmits treated wastewater to the East Bay Dischargers Authority (“EBDA,” as defined more completely herein) pursuant to an Amended and Restated Agreement, effective July 1, 2021, between LAVWMA and EBDA (the “EBDA Master Agreement”);

WHEREAS, EBDA owns, operates and maintains pump stations and a force main and outfall system extending from central and southern Alameda County to a deepwater discharge into the San Francisco Bay;

WHEREAS, Livermore owns and operates facilities for the collection, treatment and transmission of wastewater from Livermore (and other territory in the service area of Livermore) to the LAVWMA facilities; and

WHEREAS, Pleasanton owns and operates facilities for the collection and transmission of wastewater from Pleasanton to treatment facilities owned and operated by the District, as described below; and

WHEREAS, the District owns and operates facilities for the collection, treatment and transmission of treated wastewater (including wastewater from Pleasanton) to the LAVWMA facilities;

WHEREAS, Pleasanton and the District entered into an Agreement for Wastewater Disposal Services dated November 3, 1992, as amended (the “Regional Agreement,” as defined more completely herein), which Regional Agreement provides for (i) Pleasanton’s ownership and operation of its collection and transmission system, (ii) the District’s ownership and operation of its collection system, (iii) the District’s ownership and operation of regional sewerage facilities for the benefit of Pleasanton and the District, including a treatment plant and related storage and disposal facilities (“Regional Facilities,” as defined more completely herein), (iv) Pleasanton and the District’s respective capacity rights in the regional facilities owned and operated by the District, and (v) the collection and application of (A) a regional connection fee and (B) a regional service charge (the “Regional Service Charge,” as defined more completely herein);

WHEREAS, Pleasanton and the District entered into a Financing Administration Agreement, dated December 5, 2000, as amended (the “Financing Administration Agreement,” as defined more completely herein), providing for (i) the District’s management of the Regional Expansion Fund and Regional Maintenance and Operation Fund established pursuant to the Regional Agreement, (ii) the operation of the Regional Expansion Fund as a Rate Stabilization Fund described in the Financing Administration Agreement for the benefit of the owners of bonds issued by the District to expand its treatment facilities (which are no longer outstanding) and the owners of bonds issued by LAVWMA to repair and expand its export and disposal facilities and (iii) requirements and procedures by which the District will manage and administer the Rate Stabilization Fund in order to minimize the possibility that Regional Services Charges will be needed to pay debt service on the Bonds;

WHEREAS, to finance the cost of the acquisition and construction of its facilities, LAVWMA issued its revenue bonds in the principal amount of \$142,385,000 on March 21, 2001 (the “2001 Bonds”) pursuant to an Indenture of Trust, dated as of March 1, 2001, between The Bank of New York Mellon Trust Company, N.A. (formerly known as BNY Western Trust Company) (the “2001 Trustee”) and LAVWMA (the “2001 Indenture”), as authorized by law;

WHEREAS, in order to complete such financing, LAVWMA required Livermore, Pleasanton and the District (the “Members”) to agree to pay certain minimum payments for Sewer Service to be provided by LAVWMA, as provided in that certain Sewer Service Contract, dated as of March 1, 2001 (the “2001 Sewer Service Contract”);

WHEREAS, in order to achieve interest savings, LAVWMA caused the issuance of its sewer revenue refunding bonds (the “2011 Bonds”) to refund the 2001 Bonds and LAVWMA, Pleasanton, the District and Livermore determined it was necessary to amend and restate the

2001 Sewer Service Contract in connection therewith, executing the 2011 Sewer Service Contract;

WHEREAS, LAVWMA has determined that further interest savings will be achieved if the 2011 Bonds are refunded through the issuance of its 2021 sewer revenue refunding bonds (the “2021 Bonds”) and LAVWMA, Pleasanton, the District and Livermore have determined it is necessary to amend and restate the 2011 Sewer Service Contract in connection therewith; and

WHEREAS, the Members recognize that it is in the public interest and necessity and will promote the public health, safety and welfare for LAVWMA to provide such Sewer Service as described herein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Contract have the meanings herein specified. Any term capitalized herein and not defined below shall have the meaning given to said term in the Indenture.

“Actual Rate Stabilization Fund Draw” means, for any period of computation, the actual amounts taken from the Rate Stabilization Fund to pay Expansion Project Debt Service pursuant to Section 4.08.

“Actual Fixed Costs” means, for any Fiscal Year, the actual Fixed Costs for such Fiscal Year as stated in the annual audited financial statement for the Enterprise prepared and submitted to Members in accordance with Section 3.08(b).

“Actual Flow” means, for any given period for any Member, the total number of Gallons of Wastewater delivered to the Enterprise during such period from such Member. The Actual Flow for Livermore shall be the amount of Wastewater delivered by Livermore to the Enterprise. The Actual Flow for Pleasanton shall be an amount measured by the amount of raw sewage delivered from Pleasanton to the District’s treatment plant or equal to the amount of Wastewater delivered by Pleasanton to the Enterprise, after adjusting for recycled wastewater as noted below, or any combination of the preceding methods of delivery which provides for measurement of all of Pleasanton’s flows into the Enterprise. The Actual Flow for the District shall be the difference between the amount of Wastewater delivered from the District’s treatment plant to the Enterprise and the amount of the Actual Flow for Pleasanton received at the District’s treatment plant, after adjusting for recycled wastewater at the District’s Treatment Plant that is not delivered to the Enterprise.

“Actual Variable LAVWMA Maintenance and Operation Costs” means, for any Fiscal Year for any given facilities of the Enterprise, the actual Variable LAVWMA Maintenance and Operation Costs for such Fiscal Year for such facilities as stated in the annual audited financial statement for the Enterprise prepared and submitted to Members in accordance with Section 3.08(b).

“Bonds” means the 2021 Bonds, any Parity Bonds, as defined in the Indenture, and any bonds or other obligations issued to refund the 2021 Bonds or any Parity Bonds.

“Bond Redemptions” means funds sent by the District to the trustee for the Bonds from draws on the Rate Stabilization Fund in addition to Debt Service accompanied by irrevocable instructions to the trustee for the Bonds that such funds are to be applied to the redemption of Expansion Project Bonds in accordance with the optional redemption provisions of the Indenture or any Parity Bonds Instrument.

“Budgeted Fixed Costs” means, for any given period, the estimated Fixed Costs for such period as stated in the annual budget for the Enterprise prepared and submitted to Members in accordance with Section 3.07.

“Budgeted Variable LAVWMA Maintenance and Operation Costs” means, for any given period for any given facilities of the Enterprise, the estimated Variable LAVWMA Maintenance and Operation Costs for such period for such facilities as stated in the annual budget for the Enterprise prepared and submitted to Members in accordance with Section 3.07.

“Charges” means, (i) Regional Service Charges for the District and Pleasanton, , and (ii) for Livermore, fees, connection fees, capacity fees, tolls, assessments, rates and charges, including user charges prescribed and collected by the City Council of Livermore for the services and facilities of Livermore’s Sewer System furnished by Livermore within its jurisdiction. To provide clarity, the term “Charges” does not include Pleasanton Local Charges.

“Continuing Disclosure Certificates” means those certain Continuing Disclosure Certificates executed by LAVWMA and each of the Members and dated the date of original execution and delivery of the 2021 Bonds, as originally executed and as they may be amended from time to time in accordance with the terms thereof.

“Contract” means this contract, dated as of August 1, 2021, made and entered into by and between LAVWMA, Livermore, Pleasanton and the District.

“Debt Service” means, for any period of computation (the “Computation Period”), the sum of (1) the interest accruing on all Bonds during such Computation Period, assuming that all Bonds are retired as scheduled, plus (2) the principal amount (including principal due as sinking fund installment payments) allocable to all Bonds in such Computation Period, calculated as if such principal amounts were deemed to accrue daily during such Computation Period in equal amounts from, in each case, each payment date for principal or the date of delivery of such Bonds (provided that principal shall not be deemed to accrue for greater than a 365-day period prior to any payment date), as the case may be, to the next succeeding payment date for

principal; provided, that the following adjustments shall be made to the foregoing amounts in the calculation of Debt Service:

(A) with respect to any such Bonds bearing or comprising interest at other than a fixed interest rate, the rate of interest used to calculate Debt Service shall be, for all purposes, assumed to bear interest at a fixed rate equal to the higher of:

(i) the then current variable interest rate borne by such Bonds plus 1%, and

(ii) if such Bonds have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, or if such Bonds have not been outstanding for the twelve prior months or are proposed to be issued, the average rate for such twelve-month period borne by reference to an index comparable to the index utilized in determining the interest rate for such Bonds;

(B) with respect to any such Bonds having twenty-five percent (25%) or more of the aggregate principal amount thereof due in any one Computation Period, Debt Service shall be calculated for the Computation Period of determination as if the interest on and principal of such Bonds were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of thirty (30) years from the date of such Bonds; provided, however, that the full amount of such Bonds shall be included in Debt Service if the date of calculation is within 24 months of the actual maturity of the payment;

(C) with respect to any such Bonds or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Bonds or portions thereof, such accreted discount shall be treated as due when scheduled to be paid;

(D) Debt Service shall not include interest on Bonds which is to be paid from amounts constituting capitalized interest; and

(E) if an interest rate swap agreement is in effect with respect to any Bonds to which it relates, no amounts payable under such interest rate swap in excess of debt service payable under such Parity Bonds Instrument shall be included in the calculation of Debt Service unless the sum of (i) the interest payable on such Bonds, plus (ii) the amounts payable by LAVWMA or the Member under such interest rate swap agreement, less (iii) the amounts receivable by LAVWMA or the Member under such interest rate swap agreement, are greater than the interest payable on such Bonds, in which case the amount of such payments to be made that exceed the interest to be paid on such Bonds shall be included in such calculation, and for this purpose, the variable amount under any such interest rate swap agreement shall be determined in accordance with the procedure set forth in subparagraph (A) of this definition.

“Discharged” means that the Bonds shall be paid and discharged in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of and interest and prepayment premiums (if any) on such Bonds selected for prepayment as and when the same become due and payable; or

(b) by depositing with the trustee for the Bonds or any other fiduciary, under an escrow deposit and trust agreement, security for the payment of the Bonds selected for prepayment, said security to be held by the trustee for such Bonds to be applied by the trustee for the Bonds or by such other fiduciary to pay or prepay such Bonds as the same become due.

“District” means the Dublin San Ramon Services District, a community services district duly organized and existing under and pursuant to the Community Services District Law, being Title 5, Division 3 (Sections 61000 *et seq.*) of the Government Code of the State of California, and formerly known as Valley Community Services District.

“District Local Charges” means fees, connection fees, capacity fees, tolls, assessments, rates and charges prescribed and collected by the District for the wastewater collection services and facilities of the District’s Sewer System furnished by the District within its jurisdiction. To provide clarity, the term “District Local Charges” does not include the Regional Service Charge or the Regional Capacity Reserve Fee.

“District Local Obligations” means bonds, notes, installment sale agreements or other obligations issued or to be issued by or on behalf of the District, the proceeds of which are applied to finance or refinance improvements or repair to the District’s Sewer System, and payable from District Local Charges.

“Dual Use Facilities” means those facilities of the Enterprise which are utilized by only two of the Members. The Dual Use Facilities for Pleasanton and the District comprise the interceptor from the District’s treatment plant to the Joint Use Facilities.

“Dual Use Replacement Fund” means a fund established by LAVWMA for repair and replacement of the Dual Use Facilities established and maintained in accordance with Board policy.

“EBDA” means the East Bay Dischargers Authority, a public entity and agency duly organized and existing under and pursuant to Title 1, Division 7, Chapter 5, Article 1 (Sections 6500 *et seq.*) of the Government Code of the State of California and that certain First Amended Joint Exercise of Powers Agreement, dated as of January 1, 1978, made and entered into by and between the City of Hayward, the City of San Leandro, Oro Loma Sanitary District, Castro Valley Sanitary District, and Union Sanitary District.

“EBDA Master Agreement” means that certain “Amended and Restated Master Agreement to Provide Sewer System Discharge Services Between East Bay Dischargers Authority and Livermore-Amador Valley Water Management Authority,” effective July 1, 2021, between EBDA and LAVWMA.

“Enterprise” means facilities owned by LAVWMA for the receipt, transport and disposal of Wastewater from the Livermore-Amador Valley existing as of the date of issuance of the 2021 Bonds, together with necessary pipes, pumps, valves and machinery and lands, easements and rights of way therefor; and other works, properties or structures necessary or convenient for the disposal or reuse of Wastewater from the Livermore Amador Valley, including all additions, betterments, extensions and improvements to such facilities or any part thereof thereafter made.

“Estimated Flow” means, for any given period for any Member, the total number of Gallons of Wastewater to be delivered to the Enterprise during such period from such Member, as estimated by LAVWMA pursuant to Section 4.02.

“Expansion Project” means (i) the LAVWMA Expansion Project, and (ii) the Treatment Plant Expansion Project.

“Expansion Project Bonds” means Bonds, the proceeds of which were applied to the acquisition and construction of the Expansion Project, determined in accordance with Section 4.07.

“Expansion Project Debt Service” means, for any period, the aggregate of Debt Service due in such period on Expansion Project Bonds.

“Financing Administration Agreement” means that certain Financing Administration Agreement, dated as of December 5, 2000, between the District and Pleasanton, as amended, including by a First Amendment to the Financing Administration Agreement, dated June 28, 2004 and a Second Amendment to the Financing Administration Agreement, dated November 16, 2010.

“Fiscal Year” means the period commencing on July 1 of each year and terminating on the next succeeding June 30, or any other annual accounting period prescribed by law for general law cities in the State of California.

“Fixed Costs” means, for any given period, the sum of the following amounts:

(1) amounts to be deposited during such period into the Sole Use Replacement Fund, Dual Use Replacement Fund or Joint Use Replacement Fund, as applicable ; and

(2) all Fixed LAVWMA Maintenance and Operation Costs.

“Fixed Cost Allocation” means, when used with respect to Debt Service, for Livermore and the District, the percentages for such Member specified by Section 4.01(a); and when used with respect to Fixed LAVWMA Maintenance and Operations Costs, the percentage for the Members specified by Section 4.01(b).

“Fixed LAVWMA Maintenance and Operations Costs” means LAVWMA Maintenance and Operations Costs which are not Variable LAVWMA Maintenance and Operations Costs.

“Gallon” means one U.S. standard gallon.

“Gross Revenues” means, for the pertinent period of computation, (a) all Charges, (b) the Regional Capacity Reserve Buy-In Fees, and (c) all receipts derived from the investment of Charges and the Regional Capacity Reserve Buy-In Fees held by such Member (excluding the Rate Stabilization Fund).

“Indenture” means that certain Indenture of Trust, dated as of August 1, 2021, between LAVWMA and U.S. Bank National Association, as trustee, under which the 2021 Bonds are being issued.

“Joint Powers Agreement” means that certain agreement, dated September 10, 1997, entitled “Amended and Restated Joint Exercise of Powers Agreement for the Livermore-Amador Valley Water Management Agency” and entered into by and among Livermore, Pleasanton and the District.

“Joint Use Facilities” means those facilities of the Enterprise which are utilized by or beneficial to all Members, comprising LAVWMA’s junction structure, regulating reservoirs, export pump station, export pipeline, metering and sampling station, and capacity in the EBDA Interceptor.

“Joint Use Replacement Fund” means a fund established by LAVWMA for repair and replacement of the Joint Use Facilities established and maintained in accordance with Board policy.

“LAVWMA” means the Livermore-Amador Valley Water Management Agency, a public entity and agency duly organized and existing under and pursuant to Title 1, Division 7, Chapter 5, Article 1 (Section 6500 *et seq.*) of the Government Code of the State of California and the Joint Powers Agreement, and its successors and assigns.

“LAVWMA Expansion Project” means the portion of the Expansion Project comprised of the Export Pipeline Expansion Project, more particularly described in the Engineer’s Report, prepared by Brown & Caldwell, entitled Livermore Amador Valley Water Management Agency Export Pipeline Facilities Project, and dated February 22, 2001.

“LAVWMA Maintenance and Operation Costs” means, for any given period for any given facilities of the Enterprise, the reasonable and necessary costs of LAVWMA in maintaining and operating such facilities during such period, calculated on sound accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve such facilities in good repair and working order, and reasonable amounts for administration, overhead, insurance, taxes (if any) and other similar costs, but excluding in all cases depreciation, replacement and obsolescence charges or

reserves therefor, debt service, amortization of intangibles or other book-keeping entries of a similar nature, and costs paid out of the Sole Use Replacement Fund, Dual Use Replacement Fund and Joint Use Replacement Fund, as applicable. For the avoidance of doubt, LAVWMA Maintenance and Operation Costs include payments made by LAVWMA to EBDA under the EBDA Master Agreement.

“Livermore” means the City of Livermore, a municipal corporation duly organized and existing under and pursuant to the Constitution and laws of the State of California.

“Maintenance and Operation Costs” means:

(1) when used with respect to the District and Pleasanton, for any given period for the Regional Facilities, the reasonable and necessary costs of maintaining and operating the Regional Facilities during such period, calculated on sound accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve such facilities in good repair and working order, and reasonable amounts for administration, overhead, insurance, taxes (if any) and other similar costs, but **excluding** in all cases depreciation, replacement and obsolescence charges or reserves therefor, debt service (including amounts paid by or on behalf of the District or Pleasanton under Section 4.01(a)), amortization of intangibles or other book-keeping entries of a similar nature; and

(2) when used with respect to Livermore’s Sewer System, for any given period for any given facilities of Livermore’s Sewer System, the reasonable and necessary costs of maintaining and operating such facilities during such period, calculated on sound accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve such facilities in good repair and working order, and reasonable amounts for administration, overhead, insurance, taxes (if any) and other similar costs, but **excluding** in all cases depreciation, replacement and obsolescence charges or reserves therefor; debt service (including amounts paid by or on behalf of Livermore under Section 4.01(a)), amortization of intangibles or other book-keeping entries of a similar nature.

To provide clarity, the term “Maintenance and Operation Costs” does not include Pleasanton Local Maintenance and Operation Costs.

“Maximum Annual Expansion Project Debt Service” means, as of the date of any calculation and with respect to Expansion Project Debt Service, the maximum amount of Expansion Project Debt Service for the current or any future fiscal year during the term of this Contract and the Bonds.

“Member” means Livermore, Pleasanton or the District. **“Members”** means Livermore, Pleasanton and the District.

“Net Revenues” means, for each Member, such Member’s Gross Revenues, less such Member’s Maintenance and Operation Costs, less such Member’s share of LAVWMA

Maintenance and Operation Costs, whether paid directly by such Member or, as in the case of Pleasanton, paid for Pleasanton by the District.

“Obligations” means bonds, notes, installment sale agreements or other obligations issued or to be issued by the Members, the proceeds of which are applied to finance or refinance improvements or repair to their respective Sewer Systems, and payable from Charges.

“Parity Bonds” has the meaning given to said term in the Indenture.

“Participating Underwriter” has the meaning ascribed thereto in the Continuing Disclosure Certificate.

“Pleasanton” means the City of Pleasanton, a municipal corporation duly organized and existing under and pursuant to the Constitution and laws of the State of California.

“Pleasanton Local Charges” means fees, connection fees, capacity fees, tolls, assessments, rates and charges prescribed and collected by Pleasanton for the wastewater collection services and facilities of Pleasanton’s Sewer System furnished by Pleasanton within its jurisdiction. To provide clarity, the term “Pleasanton Local Charges” does not include the Regional Service Charge or the Regional Capacity Reserve Fee.

“Pleasanton Local Maintenance and Operation Costs” means, for any given period for any given facilities of Pleasanton’s Sewer System, the reasonable and necessary costs of maintaining and operating such facilities during such period, calculated on sound accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve such facilities in good repair and working order, and reasonable amounts for administration, overhead, insurance, taxes (if any) and other similar costs, but **excluding** in all cases depreciation, replacement and obsolescence charges or reserves therefor; debt service, amortization of intangibles or other book-keeping entries of a similar nature. To provide clarity, the term “Pleasanton Local Maintenance and Operation Costs” does not include any portion of LAVWMA Maintenance and Operation Costs.

“Pleasanton Local Obligations” means bonds, notes, installment sale agreements or other obligations issued or to be issued by or on behalf of Pleasanton, the proceeds of which are applied to finance or refinance improvements or repair to Pleasanton’s Sewer System, and payable from Pleasanton Local Charges.

“Rate Covenant Debt Service” means: (1) Amounts payable by the District, for itself and on behalf of Pleasanton, pursuant to Section 4.01(a)(ii); plus (2) Debt Service on Obligations of the District that are payable from Charges; less the Actual Rate Stabilization Fund Draw.

“Rate Stabilization Fund” means the fund by that name created and held by the District pursuant to Section 4.08 of this Contract. Pursuant to the Financing Administration Agreement, the Rate Stabilization Fund is the same as the Regional Expansion Fund established under the Regional Agreement.

“Regional Agreement” means that certain Agreement for Wastewater Disposal Services,” dated November 3, 1992, between the District and Pleasanton, as supplemented by: (i) the First Supplemental Agreement to Agreement for Wastewater Disposal Services, dated September 2, 1997; (ii) the Financing Administration Agreement; (iii) the Second Supplemental Agreement to Agreement for Wastewater Disposal Services, dated December 1, 2000; and (iv) Section 4.09 of this Contract, and as further amended from time to time.

“Regional Capacity Reserve Buy-In Fee” means the buy-in component of the regional capacity fee levied by Pleasanton and the District, which is based on a new customer’s share of Regional Facilities that have already been constructed.

“Regional Capacity Reserve Fees” means the connection fees described in Section 10(a) of the Regional Agreement, whether levied and collected by Pleasanton or the District. To provide clarity, the term “Regional Capacity Reserve Fees” does not include Regional Capacity Reserve Buy-In Fees.

“Regional Facilities” has the meaning given to the term “Regional Sewerage Facilities” in the Regional Agreement.

“Regional Service Charges” means the service charges described in Section 10(b) of the Regional Agreement, whether levied and collected by Pleasanton or the District.

“Rehabilitation Project” means the portion of the 2001 Project comprised of the Export Pipeline Rehabilitation Project, as more particularly described in the Engineer’s Report, prepared by Brown and Caldwell, entitled “Livermore Amador Valley Water Management Agency Export Pipeline Facilities Project Engineer’s Finance Report,” and dated September, 2000.

“Rehabilitation Project Bonds” means Bonds, the proceeds of which were applied to the acquisition and construction of the Rehabilitation Project, determined in accordance with Section 4.07.

“Sewer Service” means the service provided by LAVWMA to the Members for the disposal or reuse of Wastewater provided by the Enterprise, as specified herein.

“Sewer System” means, for each Member, facilities of such Member for the collection, treatment, disposal or reuse of wastewater within its jurisdiction, together with necessary pipes, pumps, valves and machinery and lands, easements and rights of way therefor; and other works, properties or structures necessary or convenient for the collection, treatment, disposal or reuse of wastewater within its jurisdiction, including all additions, betterments, extensions and improvements to such facilities or any part thereof thereafter made.

“Sole Use Facilities” means those facilities of the Enterprise which are utilized by only one of the Members. The Sole Use Facilities for Livermore comprise the Livermore peaking ponds, the pump station constructed near Livermore’s wastewater treatment plant, and the interceptor from the Livermore treatment plant to the Joint Use Facilities

“Sole Use Replacement Fund” means a fund established by LAVWMA for repair and replacement of the Sole Use Facilities established and maintained in accordance with Board policy.

“Target Level” means, with respect to amounts on deposit in the Rate Stabilization Fund, an amount that may be equal to up to two times (2.0x) Maximum Annual Expansion Project Debt Service.

“Treatment Plant” means the District’s sanitary sewerage treatment facilities located at 7399 Johnson Drive, Pleasanton, CA 94588, including the land and improvements thereon and appurtenances thereto, and sludge disposal facilities and appurtenances thereto in the vicinity of said treatment facilities.

“Treatment Plant Expansion Project” means the completed expansion of the Treatment Plant that increased its treatment capacity by 5.5 mgd ADWF (Average Dry Weather Flow).

“2001 Bonds” means the sewer revenue bonds issued by LAVWMA in the original principal amount of \$142,385,000 under the 2001 Indenture to finance the 2001 Project.

“2001 Indenture” means that certain Indenture of Trust, dated as of March 1, 2001, between LAVWMA and the 2001 Trustee.

“2001 Project” means the Export Pipeline Facilities Project, as described in that certain engineer’s report, prepared by Brown & Caldwell, dated September, 2000, and entitled “Livermore Amador Valley Water Management Agency Export Pipeline Facilities Project.”

“2011 Bonds” means the sewer revenue refunding bonds issued by LAVWMA under the 2011 Indenture in the principal amount of \$105,345,000 to refund the 2001 Bonds.

“2011 Indenture” means that certain Indenture of Trust, dated as of October 1, 2011, between U.S. Bank National Association and LAVWMA.

“2021 Bonds” means the sewer revenue refunding bonds issued by LAVWMA under the 2021 Indenture in the principal amount of \$_____ to refund the 2011 Bonds.

“2021 Indenture” means that certain Indenture of Trust, dated as of August 1, 2021, between U.S. Bank National Association and LAVWMA.

“Variable LAVWMA Maintenance and Operation Costs” means, for any given period for any given facilities of the Enterprise, those LAVWMA Maintenance and Operation Costs incurred during such period for energy used for pumping and for chemicals used in the treatment of Wastewater.

“Wastewater” means the effluent from the sewage treatment plants operated by Livermore and the District, acting for itself and Pleasanton.

ARTICLE II

TERM OF CONTRACT; CHARGES FOR SEWER SERVICE

Section 2.01. Term of Contract. This Contract is an amendment and restatement of the 2011 Sewer Service Contract and shall be in full force and effect as of the date of delivery of the 2021 Bonds. The term of this Contract shall continue until all Bonds are paid or Discharged.

Section 2.02. Providing Sewer Service and Charges Therefor. LAVWMA has provided, and will continue to provide, Sewer Service to the Members. The obligation of the Members to pay for Sewer Service shall continue so long as LAVWMA shall provide Sewer Service to the Members.

ARTICLE III

COVENANTS OF LAVWMA

Section 3.01. Completion of the 2001 Project. LAVWMA has completed the construction of the 2001 Project.

Section 3.02. Maintenance and Operation of the Enterprise; Right of Entry. LAVWMA shall maintain and preserve the Enterprise in good repair and working order at all times and shall operate the Enterprise in an efficient and economical manner. Each Member shall have the right to enter the Enterprise in the manner agreed by the Members and LAVWMA during reasonable business hours (and in emergencies at all times) to inspect the same, for any purpose connected with such Member's rights or obligations under this Contract and for all other lawful purposes.

Section 3.03. Acceptance of Wastewater.

(a) LAVWMA shall take, receive, and dispose of all Wastewater delivered to the Enterprise from each Member up to such Member's respective maximum Sewer Service requirement specified by subsection (b).

(b) The maximum Sewer Service required to be provided to each Member shall be as follows:

(1) for Livermore, an instantaneous rate of flow of 8.728 million gallons per day, as set forth in the Joint Powers Agreement; and

(2) for the District, for its own account and Pleasanton's, pursuant to the Regional Agreement, an instantaneous rate of flow of 32.472 million gallons per day, as set forth in the Joint Powers Agreement;

provided, however, that any two Members may at any time agree to apportion between themselves the total of their combined average daily Actual Flows as established above.

Section 3.04. Measuring and Recording Flow; Inspection Rights. LAVWMA shall continuously measure the amount of Wastewater received from Livermore and the amount of Wastewater received from the District's Treatment Plant.

The District shall continuously measure the amount of raw sewage transported from within its own territorial limits and from Pleasanton to the District's Treatment Plant. LAVWMA shall keep such records of such amounts of Wastewater as are necessary for all purposes of this Contract. The District shall keep and submit to LAVWMA in a timely fashion such records of such amounts of raw sewage as are necessary for all purposes of this Contract.

Pleasanton shall have the right, during reasonable business hours (and in emergencies at all times), to inspect the District's and LAVWMA's records maintained pursuant to this Section and to enter the District's property in the manner agreed by the Pleasanton and the District to inspect the recording devices measuring the raw sewage transported to the District's Treatment Plant from Pleasanton and from the District's own territorial limits.

Livermore and the District shall have the right, during reasonable business hours (and in emergencies at all times) to inspect LAVWMA's records maintained pursuant to this Section in the manner agreed by the Livermore, the District and LAVWMA.

Section 3.05. Contract with EBDA. LAVWMA shall comply with all terms, covenants and provisions, express and implied, of the EBDA Master Agreement, and shall promptly and diligently enforce all its rights thereunder. LAVWMA shall not amend or terminate the EBDA Master Agreement in any way that would adversely affect the ability of LAVWMA to comply with any of the provisions of this Contract.

Section 3.06. Insurance. LAVWMA shall procure and maintain at all times during the term of this Contract such insurance as is required by Section 5.07 of the Indenture.

Section 3.07. Annual Budget. At least ninety (90) days before the first day of each Fiscal Year, LAVWMA shall prepare and submit to each Member a draft budget setting forth the Budgeted Fixed Costs and the Budgeted Variable LAVWMA Maintenance and Operation Costs for such Fiscal Year. Each such budget shall separately set forth Variable LAVWMA Maintenance and Operation Costs for the Joint Use Facilities, for the EBDA facilities, for the Sole Use Facilities used by Livermore and for the Dual Use Facilities used by the District and Pleasanton. Once LAVWMA's Board has adopted a budget for the coming Fiscal Year, LAVWMA shall send each Member a copy of such adopted budget. Such budget shall be updated quarterly or as needed to reflect any material differences between actual interim results and budgeted results.

Section 3.08. Books and Accounts; Financial Statements.

(a) LAVWMA shall keep proper books of record and accounts of the Enterprise, separate from all other records and accounts of LAVWMA, in which complete and correct entries shall be made of all transactions relating to the Enterprise. Such books of record and accounts shall at all times during business hours be subject to the inspection of any Member or any such Member's representative authorized in writing in the manner agreed by the Members and LAVWMA.

(b) LAVWMA shall prepare and submit to each Member annually within one hundred and twenty (120) days after the close of each Fiscal Year:

(1) an audited statement (prepared in accordance with generally accepted accounting principles, as prescribed by the American Institute of Certified Public Accountants or its successor) for the preceding Fiscal Year of: (A) Actual Fixed Costs for such Fiscal Year, and (B) separately for the Joint Use Facilities, for the Sole Use Facilities used by Livermore and for the Dual Use Facilities used by Pleasanton and the District, Actual Variable LAVWMA Maintenance and Operation Costs for such Fiscal Year, and

(2) a detailed statement as to all insurance carried by LAVWMA as of the close of such Fiscal Year, including the names of the insurers which have issued the policies and the amounts thereof and the property or risks covered thereby (including liability risks).

ARTICLE IV

PAYMENT FOR SEWER SERVICE

Section 4.01. Fixed Cost Allocations. (a) The Fixed Cost Allocation for Debt Service for Livermore and the District shall be as follows:

(i) for Livermore: (1) thirty-nine and ninety-five hundredths percent (39.95%) of Debt Service on Rehabilitation Project Bonds; and (2) twenty-two and fifty-two hundredths percent (22.52%) of Debt Service on Expansion Project Bonds;

(ii) for the District, for itself and on behalf of Pleasanton, acting under the terms of the Regional Agreement, (1) sixty and five hundredths percent (60.05%) of Debt Service on Rehabilitation Project Bonds (of which twenty-three and thirty-four hundredths percent (23.34%) is allocable to the District and thirty-six and seventy-one hundredths percent (36.71%) is allocable to Pleasanton); and (2) seventy-seven and forty-eight hundredths percent (77.48%) of Debt Service on Expansion Project Bonds (of which forty-five and seventy-one hundredths percent (45.71%) is allocable to the District and thirty-one and seventy-seven (31.77%) is allocable to Pleasanton).

(b) The Fixed Cost Allocation for Fixed LAVWMA Maintenance and Operation Costs shall be as follows:

- (i) for Livermore, thirty and ten hundredths percent (30.10%); and
- (ii) for the District, for itself and on behalf of Pleasanton, acting under the terms of the Regional Agreement, sixty-nine and ninety hundredths percent (69.90%).

Provided, however, that any two Members may at any time agree to apportion between themselves the total of their Fixed Cost Allocations as established above, subject to the requirement that the Member transferring a Fixed Cost Allocation to another Member shall retain its responsibility to pay the percentage share of Fixed Cost Allocation specified above.

Section 4.02. Estimated Flows. LAVWMA may ask each Member to submit, not less than ninety (90) days before the beginning of each Fiscal Year, such Member's best estimate of what such Member's Actual Flow will be for such Fiscal Year.

Section 4.03. Advance Payment. In consideration of the provision by LAVWMA of the Sewer Service capacity, whether or not such Sewer Service is used, on or before each January 1 and July 1 during the term of this Contract, Livermore and District, acting for itself and Pleasanton, shall pay to LAVWMA their respective shares of budgeted costs identified in LAVWMA's adopted budget as follows:

(a) From their respective Gross Revenues, total Budgeted Fixed Costs and Budgeted Variable LAVWMA Maintenance and Operation Costs shall be paid in two equal amounts on or before each December 1 and June 1.

(b) From their respective Net Revenues, Debt Service due on the Bonds on August 1 of each year shall be paid July 1 of each year, and Debt Service due on the Bonds on February 1 of each year shall be paid on January 1 of each year.

(c) Livermore and the District shall take such action as may be necessary to include all payments due under this Section in their respective annual budgets, and shall make the necessary annual appropriations for such payments.

(d) Pleasanton agrees to make all payments due to the District under Section 10 of the Regional Agreement within thirty (30) days, and the District agrees to enforce said payment obligation, if needed, and shall apply amounts received from Pleasanton pursuant to Section 10 of the Regional Agreement to the payment obligation created under Section 4.01.

Section 4.04 Annual Reconciliation; Credits. Within one hundred fifty (150) days after the close of each Fiscal Year, LAVWMA shall compute the amount of the payments that would have been made under Section 4.03 by each Member if the amounts of such payments had

been determined using Actual Fixed Costs instead of Budgeted Fixed Costs, Actual Variable LAVWMA Maintenance and Operation Costs instead of Budgeted Variable LAVWMA Maintenance and Operation Costs and Actual Flows instead of Estimated Flows for such Fiscal Year, and if such payments had been computed on a Fiscal Year basis rather than on a quarterly basis. Any deficiency of such amount under the amount actually paid by such Member with respect to such Fiscal Year shall be added to such Member's next payment to be made under Section 4.03. Interest earnings on funds held by LAVWMA shall be applied as a credit toward individual Members' payment obligation under Section 4.01, on a pro rata basis, according to the ratio resulting from such Member's total payments to LAVWMA in a particular period, divided by the total deposits made by all the members to LAVWMA in such period, unless otherwise directed by LAVWMA's Board. Any excess of such amount over the amount actually paid by such Member with respect to such Fiscal Year shall be applied as a credit toward such Member's payment obligation under Section 4.01.

Section 4.05 Billing. LAVWMA shall prepare and submit to each Member at least fifteen (15) days prior to the date on which any payment under this Contract is due from such Member, an invoice for such payment.

Section 4.06 Rates and Charges by Members.

(a) Livermore agrees to fix, prescribe and collect Charges in connection with its sewer service to its sewer customers during each Fiscal Year so as to yield Net Revenues from such Charges in an amount at least equal to one hundred and ten percent (110%) of Livermore's obligations to LAVWMA due during such Fiscal Year under Section 4.01(a)(i) of this Contract and one hundred percent (100%) of amounts owed on other Obligations of Livermore due during such Fiscal Year having a lien on such Net Revenues.

(b) The District shall determine the amount of the Regional Service Charge pursuant to Section 10 of the Regional Agreement which will produce aggregate Net Revenues of the District and Pleasanton during each Fiscal Year in an amount at least equal to one hundred and ten percent (110%) of the Rate Covenant Debt Service due during such Fiscal Year, and agrees to fix, prescribe and collect Regional Service Charges during such Fiscal Year in connection with sewer service provided to its sewer customers at the levels so determined. In addition, the District agrees that it will not hereafter incur any District Local Obligations secured by or payable from Regional Service Charges.

(c) Pleasanton agrees to fix, prescribe and collect Regional Service Charges during each Fiscal Year at the levels prescribed by the District pursuant to Section 10 of the Regional Agreement.

Section 4.07. Determination of Amount of Expansion Project Bonds and Rehabilitation Project Bonds.

(a) The amount of Expansion Project Bonds for any Member shall be determined, at the time of calculation, by multiplying the principal amount of Bonds then outstanding times the percentage for which a Member is responsible for Debt Service on Expansion Project Bonds, as set forth in Section 4.01 (a)(i)(2) for Livermore, and 4.01(a)(ii)(2) for the District, for itself and Pleasanton.

(b) The amount of Rehabilitation Project Bonds for any Member shall be determined, at the time of calculation, by multiplying the principal amount of Bonds then Outstanding times the percentage for which a Member is responsible for Debt Service on Rehabilitation Project Bonds, as set forth in Section 4.01(a)(i)(1) for Livermore, and Section 4.01(a)(ii)(1), for the District, for itself and Pleasanton.

(c) Of the 2021 Bonds Outstanding at any particular time, sixty-nine and fifty-four hundredths percent (69.54%) of the principal amount of the 2021 Bonds shall be treated as Expansion Project Bonds, and thirty and forty-six hundredths percent (30.46%) shall be treated as Rehabilitation Project Bonds.

Section 4.08. Rate Stabilization Fund.

The District, for its own account and Pleasanton's, hereby agrees to maintain a fund to be called the "Rate Stabilization Fund." The Rate Stabilization Fund shall, except as provided in paragraph (5) below, be maintained by the District, so long as the Bonds are Outstanding, and shall be funded and applied as provided below:

(1) All Regional Capacity Reserve Fees, whether collected by the District or collected by Pleasanton and paid to the District, shall be deposited into the Rate Stabilization Fund.

(2) All amounts in the Rate Stabilization Fund shall be available to pay the following:

(a) Expansion Project Debt Service;

(b) Bond Redemptions;

(c) any capital improvements permitted to be paid for from the Regional Capacity Reserve Fees under the Regional Agreement, as well as any reimbursement of replacement reserves and any funds other than Regional Capacity Reserve Fees which have been deposited therein or which have been advanced by the District or Pleasanton from Regional Service Charges to pay Expansion Project Debt Service; and

(d) any other purpose agreed to between the District and Pleasanton.

(3) The District shall attempt to maintain the Rate Stabilization Fund at the Target Level; provided, that the District shall not be required to fund the Rate Stabilization Fund from revenues derived from Regional Service Charges or Regional Buy-In Capacity Fees assessed on wastewater customers.

(4) Amounts in the Rate Stabilization Fund shall be available to pay the items listed in Section 4.08(2)(a) through (d) above; provided, that draws on the Rate Stabilization Fund shall not cause the funds therein to fall below the Target Level, except as expressly hereinafter provided. In the event draws on the Rate Stabilization Fund would cause the Rate Stabilization Fund balance to fall below the Target Level, such draw shall be limited to pay Expansion Project Debt Service, in an amount equal to the sum of: (i) one-third (1/3) of the lesser of (a) the Target Level, or (b) the amount then on hand in the Rate Stabilization Fund; plus (ii) the amount then on hand in the Rate Stabilization Fund in excess of the Target Level.

(5) The Rate Stabilization Fund may be depleted and closed if: (i) Expansion Project Debt Service is in fact being paid entirely from Regional Service Charges; or (ii) if all scheduled Expansion Project Debt Service has been paid or provided for.

(6) The parties acknowledge and agree that the District can provide no assurances that amounts will be in the Rate Stabilization Fund to pay the District's share of Expansion Project Debt Service.

Section 4.09. Provisions Relating to Regional Agreement. In order to secure the Bonds, the District and Pleasanton hereby agree, for the benefit of the Bondholders and the trustee for the Bonds, as follows:

(a) Termination. The District and Pleasanton hereby surrender their right to terminate the Regional Agreement pursuant to Section 18, unless and until the Bonds are Discharged; provided, however, that if both Pleasanton and the District decide to have another public agency (the "Regional Agency") assume responsibility for operation of the Regional Facilities, the Regional Agreement may be terminated to reflect said change in operation of the Regional Facilities, subject to the following:

(i) the Regional Agency shall assume all obligations of the District and Pleasanton hereunder; and

(ii) this Contract shall be amended to incorporate all relevant provisions of the Regional Agreement, including specifically the rate setting mechanism contained in Section 10 of the Regional Agreement.

(b) Third Party Beneficiary. The trustee for the Bonds and any financial institution providing insurance or a letter of credit to secure the Bonds shall be third-party beneficiaries of the Regional Agreement.

(c) Amendment of Regional Agreement. The District and Pleasanton will not amend the Regional Agreement so as to materially adversely affect the holders of the Bonds, which shall be determined by the Rating Agency then rating the Bonds indicating in writing that such amendment would or would not result in a downgrading to the rating then in effect for the Bonds. If the Rating Agency then rating the Bonds declines for any reason to comment in writing on the effect of such proposed amendment on the rating then in place on the Bonds, then

such proposed amendment shall be determined not to be materially adverse to the holders of the Bonds if Bond Counsel delivers to the trustee for the Bonds an opinion to that effect.

(d) Use of Regional Service Charges. Notwithstanding Section 10(b) of the Regional Agreement, funds derived from Regional Service Charges may be used to advance funds to pay Expansion Project Debt Service.

Section 4.10. Joint Powers Agreement. LAVWMA and the Members agree that they will not amend the Joint Powers Agreement so as to materially adversely affect the holders of the Bonds, which shall be determined by any Rating Agency then rating the Bonds indicating in writing that such amendment would or would not result in a downgrading to or withdrawal of the rating then in effect on the Bonds, or, if the Bonds are then insured, such amendment shall be considered not to materially adversely affect the holders of the Bonds if such amendment is consented to by such bond insurer. If the Bonds are not insured, and any Rating Agency then rating the Bonds declines for any reason to comment in writing on the effect of such proposed amendment on the Bonds, then such proposed amendment shall be determined not to be materially adverse to the holders of the Bonds if Bond Counsel delivers to the trustee for the Bonds an opinion to that effect.

ARTICLE V

MISCELLANEOUS

Section 5.01 Abatement of Payments for Sewer Service; Subordinate Lien on Net Revenues of Members; Responsibility for Payments.

(a) Payments of Fixed LAVWMA Maintenance and Operation Costs under Section 4.01(b) for Sewer Service shall be subject to abatement in the discretion of the Members during any period in which by reason of any damage or destruction (other than by condemnation, which is hereinafter provided for) there is a material interruption in the Sewer Service to the Members. Such abatement shall continue for the period commencing with such damage or destruction and ending upon the restoration of Sewer Service by LAVWMA. In the event of any such damage or destruction, this Contract shall continue in full force and effect and the Members waive any rights to terminate this Contract by virtue of such damage or destruction. The proceeds of any insurance covering such damage or destruction shall be deposited and applied by LAVWMA as provided in Section 5.07 of the Indenture.

(b) The Members hereby unconditionally pledge and create, in favor of LAVWMA and the trustee for the Bonds, a lien on their respective Net Revenues, to pay to LAVWMA the amounts owed under Section 4.01(a); provided, that said lien shall be subordinate to the Members' existing Obligations, as well as Obligations to be issued to finance or refinance improvements to their respective Sewer Systems. For avoidance of doubt, the Net Revenues of the District do not include District Local Charges, and the Net Revenues of Pleasanton do not include Pleasanton Local Charges or Pleasanton Local Maintenance and Operation Costs.

(c) Livermore shall be responsible to pay only those amounts specifically required under this Contract and shall not be responsible to make up any shortfall resulting from nonpayment of obligations hereunder by the District, whether for itself or on behalf of Pleasanton. The District shall be responsible to pay only those amounts specifically required under this Contract, including payments made on behalf of Pleasanton, and shall not be responsible to make up any shortfall resulting from nonpayment of obligations hereunder by Livermore.

Section 5.02. Eminent Domain. If the whole of the Enterprise shall be taken under the power of eminent domain, the term of this Contract shall end as of the day possession of the Enterprise shall be so taken. If less than the whole of the Enterprise shall be taken under the power of eminent domain, this Contract shall continue in full force and effect and shall not be terminated by virtue of such taking; the Members waive any rights to terminate this Contract by virtue of such taking and waive the benefit of any law to the contrary; and, if such taking causes a material interruption in the Sewer Service, payments for Sewer Service shall be abated during the period of such inability. The net proceeds realized by LAVWMA from any such taking shall be deposited and applied by LAVWMA in the manner provided in Section 5.06 of the Indenture.

Section 5.03. Default in Payment. If default shall be made in the due and punctual payment of any amounts required to be paid under Sections 4.03 or 4.04, or if default shall be made by any Member in the observance of any of the covenants, agreements or conditions on its part in this Contract and such default shall have continued for a period of thirty (30) days after such Member shall have given notice in writing by LAVWMA of such default, such Member shall be deemed to be in default under this Contract and it shall be lawful for LAVWMA to exercise any and all remedies available pursuant to law or granted pursuant to this Contract. Upon any such default, LAVWMA, in addition to any other rights and remedies it may have at law, shall have the option, without terminating this Contract, to collect each payment for Sewer Service as such payment becomes due and to enforce any other term or provision of this Contract to be kept or performed by such Member.

LAVWMA shall have the right to institute an action for damages sustained as a result of any such default and shall have the right by mandamus or other proceeding at law or in equity to enforce its rights against such Member and to compel such Member and any officers or employees thereof to perform and carry out their obligations and duties under this Contract. In the event of any such default, the trustee for the Bonds designated pursuant to Section 6.01 of the Indenture shall have the right to enforce for the benefit of the holders of the Bonds the rights of LAVWMA under this Contract, and, to that end, shall have the right to institute any action or other proceeding at law or in equity which the the trustee for the Bonds could institute under this Section.

Section 5.04. Other Sewer Service Users. LAVWMA shall not sell or offer to sell Sewer Service to any user other than a Member: (a) without the written consent of all Members, (b) upon terms and conditions more favorable to the non-Member than those herein provided for the Members, or (c) if the provision of such Sewer Service would prevent it from meeting its obligations under this Contract to provide Sewer Service to the Members.

Section 5.05. Disruptions in Pipeline Capacity. To the extent permitted by law and subject to any limitations resulting from a disruption in pipeline capacity, LAVWMA hereby covenants to accept the Wastewater of Members notwithstanding any such disruption in pipeline capacity and shall use its best efforts in the event of any such disruption to undertake alternative and interim methods of storage and disposal of wastewater.

Section 5.06. Continuing Disclosure. The Members hereby covenant and agree that they will comply with and carry out all of the provisions of the Continuing Disclosure Certificates. Notwithstanding any other provision of this Contract, failure of the Members to comply with the Continuing Disclosure Certificates shall not be considered an Event of Default; however, the trustee for the Bonds, at the written request of any Participating Underwriter or the holders of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds, shall, but only to the extent indemnified to its satisfaction from any liability or expense, including, without limitation fees and expenses of its attorneys, or any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 5.07. Federal Tax Law Covenants.

(a) **No Arbitrage.** The Members will not take, or permit or suffer to be taken by the trustee for the 2021 Bonds or otherwise, any action with respect to the proceeds of the 2021 Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2021 Bonds would have caused the 2021 Bonds to be "arbitrage bonds" within the meaning of section 148 of the Tax Code.

(b) **Private Business Use Limitation.** The Members will assure that the proceeds of the 2021 Bonds are not so used as to cause the 2021 Bonds to satisfy the private business tests of section 141(b) of the Tax Code or the private loan financing test of section 141(c) of the Tax Code.

(c) **Private Loan Limitation.** Not more than five percent (5%) of the net proceeds of the 2021 Bonds shall be used, directly or indirectly, to make or finance a loan to persons other than state or local government units.

(d) **Federal Guarantee Prohibition.** The Members shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the 2021 Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Tax Code.

(e) **Continuing Disclosure.** The Members hereby covenant and agree that they will comply with and carry out all of the provisions of their respective Continuing Disclosure Certificate. Notwithstanding any other provision of this Contract, failure of the Members to comply with their respective Continuing Disclosure Certificate shall not be considered an Event of Default; however, the trustee for the 2021 Bonds, at the written request of any Participating Underwriter or the holders of at least twenty-five percent

(25%) aggregate principal amount of outstanding 2021 Bonds, shall, but only to the extent indemnified to its satisfaction from any liability or expense, including, without limitation fees and expenses of its attorneys, or any holder or beneficial owner of the 2021 Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

(f) Rebate Requirement. The Members shall take any and all actions necessary to assure compliance with section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the 2021 Bonds.

(g) Maintenance of Tax-Exemption. The Members shall take all actions necessary to assure the exclusion of interest on the 2021 Bonds from the gross income of the Owners of the 2021 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the date of issuance of the 2021 Bonds.

(h) Record Retention. The Members will retain records of all accounting and monitoring it carries out with respect to the 2021 Bonds for at least 3 years after the 2021 Bonds mature or are redeemed (whichever is earlier); however, if the 2021 Bonds are redeemed and refunded, the Members will retain their records of accounting and monitoring at least 3 years after the earlier of the maturity or redemption of the obligations that refunded the 2021 Bonds.

(i) Compliance with Tax Certificate. The Members will comply with the provisions of the Certificate as to Arbitrage and the Certificate Regarding Use of Proceeds with respect to the 2021 Bonds, which are incorporated herein as if fully set forth herein. The covenants of this Section will survive payment in full or defeasance of the 2021 Bonds.

Section 5.08. Notices and Addresses. Any notice, invoice or other communication to be given under this Contract to any signatory hereof shall be in writing and shall be given by registered mail, return receipt requested, or by personal delivery, receipt acknowledged, to such party at such party's respective address as follows:

Livermore-Amador Valley Water Management Agency
c/o Dublin San Ramon Services District
7051 Dublin Boulevard
Dublin, CA 94568
Email: info@lavwma.com

City of Livermore
1052 South Livermore Avenue
Livermore, California 94550
Email: [to come]

City of Pleasanton
123 Main Street
Pleasanton, California 94566
Email: [to come]

Dublin San Ramon Services District
7051 Dublin Boulevard
Dublin, California 94568
Email: contact@dsrsd.com

Any signatory hereof may, in lieu of the above address and upon notice to all other parties as provided in this Section, specify a different address for the delivery of notices, invoices or other communications.

Section 5.09. Assignment. Neither this Contract nor any right or duty of any Member hereunder shall be assigned or delegated by such Member by voluntary act or by operation of law or otherwise, except with the prior written consent of LAVWMA and all the other Members, which consent shall not be unreasonably withheld.

Section 5.10. Binding Effect. This Contract shall inure to the benefit of and shall be binding upon LAVWMA and the Members and their successors and assigns, subject, however, to the limitations contained in Section 5.08.

Section 5.11. Severability. If any one or more of the covenants or agreements, or portions thereof provided in this Contract shall be held by a court of competent jurisdiction to be void, voidable or unenforceable, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of or enforceability of the remaining portions of this Contract.

Section 5.12. No Personal Liability. No member of the governing body, officer, agent or employee of LAVWMA or any Member shall be individually or personally liable for any payments to be made under this contract; but nothing herein contained shall relieve any such Member of the governing body, officer, agent or employee from the performance any official duty provided by law.

Section 5.13. Complete Agreement; Amendments. This Contract represents the entire agreement between LAVWMA and the Members. This Contract may not be amended, changed, modified or altered except in writing. The parties may agree to the amendment of this Contract; provided, however, that the parties agree and recognize that this Contract is entered into in accordance with the terms of the Indenture and accordingly, this Contract may not be terminated while the Bonds are Outstanding, and that any such amendment shall only be made or effected in accordance with and subject to the terms of the Indenture so as to protect the rights of holders of the Bonds.

Section 5.14. Law Governing. This Contract shall be governed exclusively by the provisions hereof and by the laws of the State of California as the same from time to time exist.

Section 5.15. Third Parties Benefited. This Contract is made and entered into for the benefit of LAVWMA, the Members, the holders of the Bonds and the trustee for the Bonds designated pursuant to Section 6.01 of the Indenture, and their permitted successors and assigns, and no other persons or entities shall have any right of action here. The trustee for the Bonds and any financial institution providing municipal bond insurance or a letter of credit to service the Bonds will be an express third party beneficiary of this Contract.

Section 5.16. Article and Sections Headings. The headings or titles of the several articles and sections hereof, and any table of contents appended hereto, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Contract.

All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding articles, sections or subdivisions of this Contract; and the words “herein,” “hereof,” “hereunder,” “hereinafter” and any other words of similar import refer to this Contract as a whole and not to any particular article, section or subdivision hereof.

Section 5.17. Execution in Counterparts; Electronic Signature. This Contract may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Contract.

Each of the undersigned hereby agrees that its electronic signatures or other electronic indication of execution on all documents related to this Contract and the 2021 Bonds, and the electronic signature or other electronic indication of execution of other parties related to this Contract and the 2021 Bonds, shall be treated the same and have the same legally binding and enforceable effect as original manual signatures.

IN WITNESS WHEREOF, LAVWMA and each of the Members has caused this Contract to be executed as of the day and year first above written.

Approved As To Form:

**LIVERMORE-AMADOR VALLEY
WATER MANAGEMENT AGENCY**

General Counsel

By _____
General Manager

Approved as to Form:

CITY OF LIVERMORE

City Attorney
[Seal]

By _____
City Manager

ATTEST:

City Clerk

Approved As To Form:

CITY OF PLEASANTON

City Attorney
[Seal]

By _____
City Manager

ATTEST:

City Clerk

Approved as to Form:

**DUBLIN SAN RAMON SERVICES
DISTRICT**

District General Counsel
[Seal]

By _____
General Manager

ATTEST:

Secretary of the Board of Directors

Jones Hall draft 6-14-21

ESCROW DEPOSIT AND TRUST AGREEMENT

by and between the

LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY,

and

**U.S. BANK NATIONAL ASSOCIATION
as Escrow Bank and 2011 Trustee**

Dated as of August 1, 2021

Relating To:

**\$105,345,000
(Original Principal Amount)
Livermore-Amador Valley Water Management Agency
2011 Sewer Revenue Refunding Bonds**

ESCROW DEPOSIT AND TRUST AGREEMENT

This Escrow Deposit and Trust Agreement is made and entered into as of August 1, 2021, by and between the LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY, a joint exercise of powers agency duly organized and existing under the laws of the State of California ("LAVWMA") and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, having a corporate trust office in San Francisco, California, as escrow agent (the "Escrow Bank") and 2011 Trustee (as defined below);

WITNESSETH:

WHEREAS, LAVWMA is a joint exercise of powers agency duly organized and existing under and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement, entered into on September 10, 1997, by and among the Dublin San Ramon Services District ("DSRSD"), the City of Pleasanton ("Pleasanton") and the City of Livermore ("Livermore"), and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Act"), and is authorized pursuant to Article 4 (commencing with Section 6584) of the Act to issue revenue bonds to finance facilities for the disposal and reuse of wastewater; and

WHEREAS, DSRSD, Pleasanton and Livermore are sometimes collectively referred to herein as the "Members"; and

WHEREAS, LAVWMA acquired and constructed facilities for the disposal or reuse of wastewater from the Livermore-Amador Valley in order to carry out the purposes for which it was established; and

WHEREAS, to finance the cost of the acquisition and construction of such facilities, LAVWMA issued its revenue bonds in the principal amount of \$142,385,000 on March 21, 2001 (the "2001 Bonds"); and

WHEREAS, in order to complete such financing, LAVWMA required the Members to agree to pay certain minimum payments for wastewater service to be provided by LAVWMA, as provided in that certain Sewer Service Contract, dated as of March 1, 2001, among LAVWMA and the Members (the "2001 Sewer Service Contract"); and

WHEREAS, subsequently, in order to achieve interest savings, LAVWMA caused the issuance of its \$105,345,000 Livermore-Amador Valley Water Management Agency 2011 Sewer

Revenue Refunding Bonds (the "2011 Bonds") under that certain Indenture of Trust, dated as of October 1, 2011 (the "2011 Indenture"), by and between LAVWMA and U.S. Bank National Association, as trustee (the "2011 Trustee"), the purpose of refunding the 2001 Bonds; and

WHEREAS, in connection with the issuance of the 2011 Bonds, LAVWMA and the Members entered into that certain Amended and Restated Sewer Service Contract, dated as of October 1, 2011 (the "2011 Sewer Service Contract"); and

WHEREAS, the 2011 Bonds maturing on or after August 1, 2022, are subject to redemption prior to their respective maturity dates, at the option of the LAVWMA, as a whole or in part on any date on or after August 1, 2021, from any source of available funds, at a redemption price equal to the principal amount of the 2011 Bonds to be redeemed, plus accrued interest to the redemption date, without premium; and

WHEREAS, LAVWMA has determined that interest savings will be achieved if the 2011 Bonds are refunded through the issuance of its 2021 Sewer Revenue Refunding Bonds (the "2021 Bonds") under Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Bond Law"), and an Indenture of Trust between U.S. Bank National Association, as trustee, and LAVWMA (the "2021 Indenture"); and

WHEREAS, LAVWMA proposes to make a deposit of moneys from the proceeds of the 2021 Bonds, and to appoint the Escrow Bank as its agent for the purpose of applying said deposit to the payment of debt service on the 2011 Bonds in accordance with the instructions provided by this Escrow Deposit and Trust Agreement, and to the payment and redemption of the 2011 Bonds in accordance with the 2011 Indenture, and the Escrow Bank desires to accept said appointment; and

WHEREAS, the Escrow Bank has full powers to act with respect to the irrevocable escrow created herein and to perform the duties and obligations to be undertaken pursuant to this Escrow Deposit and Trust Agreement:

NOW, THEREFORE, in consideration of the above premises and of the mutual promises and covenants herein contained, the parties hereto DO HEREBY AGREE as follows:

Section 1. Appointment of Escrow Bank. LAVWMA hereby appoints the Escrow Bank as escrow holder for all purposes of this Escrow Deposit and Trust Agreement, and the Escrow Bank hereby accepts such appointment.

Section 2. Establishment of Escrow Fund. There is hereby created by LAVWMA with, and to be held by, the Escrow Bank, as security for the payment of the redemption price on the 2011 Bonds, an irrevocable escrow to be held in escrow by the Escrow Bank on behalf of LAVWMA, and for the benefit of the owners of the 2011 Bonds, said escrow to be designated the "Livermore-Amador Valley Water Management Agency Refunding Escrow Fund" (the "Escrow

Fund"). All moneys in the Escrow Fund are hereby irrevocably transferred to the Escrow Bank, as security for payment of the redemption price of the 2011 Bonds, to be held by the Escrow Bank in escrow for the benefit of the owners of the 2011 Bonds, except as specified in Section 6 hereof. If at any time the Escrow Bank shall receive actual knowledge that the moneys in the Escrow Fund will not be sufficient to make any payment required by Section 5 hereof, the Escrow Bank shall notify LAVWMA of such fact, and LAVWMA shall immediately cure such deficiency.

Section 3. Deposit into Escrow Fund. Concurrently with the delivery of the 2021 Bonds on ____, 2021 (the "Closing Date"), LAVWMA shall cause: (i) \$_____ of the proceeds of sale thereof, in immediately available funds, to be transferred to the Escrow Bank for deposit in the Escrow Fund; and (ii) **[specify other funds, if any]**. Any moneys remaining in the funds and accounts established under the 2011 Indenture, including any investment earnings received after the Closing Date, will be transferred to the 2021 Trustee, for deposit to the Revenue Fund created under the 2021 Indenture, and such funds and accounts will be closed.

Section 4. No Investment of Deposit in Escrow Fund. The Escrow Bank shall hold the moneys deposited into the Escrow Fund pursuant to the preceding section in cash, uninvested. **[confirm]**

Section 5. Instructions as to Application of Deposit. LAVWMA hereby instructs the Escrow Bank as its agent to apply the moneys deposited in the Escrow Fund pursuant to Section 3 hereof to pay the redemption price of all then outstanding 2011 Bonds on _____, 2021 (the "Redemption Date") at a redemption price equal to the principal amount thereof, plus accrued interest to the Redemption Date, without premium, all pursuant to and in accordance with the provisions of the 2011 Indenture, and in the amount set forth in Exhibit A attached hereto, and by this reference incorporated herein.

Section 6. Remaining Moneys. The Escrow Bank shall hold uninvested money, if any, remaining from time to time in the Escrow Fund until needed for payment of the redemption price of the 2011 Bonds in accordance with Section 5 hereof. Any funds remaining in the Escrow Fund after payment in full of the 2011 Bonds shall be transferred to the 2021 Trustee, for deposit to the Debt Service Fund created under the 2021 Indenture, and the Escrow Fund will be closed promptly after, and only upon, the payment and redemption in full of the 2011 Bonds.

Section 7. Notices of Redemption and Defeasance. The 2011 Trustee is hereby directed to give on the Closing Date notice of the redemption of the 2011 Bonds in the form of Exhibit B in accordance with the provisions of the 2011 Indenture; such notice shall be given in the manner specified in the Indenture and by filing the notice on the Municipal Securities Rulemaking Board's EMMA system.

The 2011 Trustee is further hereby directed to give on the Closing Date a notice of defeasance to the owners of the 2011 Bonds in the form attached hereto as Exhibit C; such notice

shall be given in the manner specified in the Indenture and by filing the notice on the Municipal Securities Rulemaking Board's EMMA system.

Section 8. Application of Certain Terms of the 2011 Indenture. All of the terms of the 2011 Indenture regarding the making of payments of principal of, and interest on the 2011 Bonds are incorporated in this Escrow Deposit and Trust Agreement as if set forth in full herein. Provisions of the 2011 Indenture relating to the resignation and removal of a trustee shall be the procedure to be followed with respect to any resignation or removal of the Escrow Bank hereunder.

Section 9. Compensation to Escrow Bank. The Escrow Bank hereby acknowledges that it has received on the date hereof compensation for its duties under this Escrow Deposit and Trust Agreement representing its administration fees, except that LAVWMA shall indemnify and hold harmless the Escrow Bank for out-of-pocket costs such as mailing costs, redemption expenses, legal fees and other costs and expenses relating hereto, but under no circumstances shall amounts deposited in the Escrow Fund be deemed to be available for said purposes.

Section 10. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Escrow Deposit and Trust Agreement unless LAVWMA shall have deposited sufficient funds with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written instructions of LAVWMA or its agents relating to any matter or action as Escrow Bank under this Escrow Deposit and Trust Agreement.

The Escrow Bank undertakes such duties as specifically set forth herein and no implied duties or obligations shall be read into this Escrow Deposit and Trust Agreement against the Escrow Bank.

LAVWMA hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and hold harmless the Escrow Bank and its respective successors, assigns, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Bank (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow Deposit and Trust Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys or securities by the Escrow Bank in accordance with the provisions of this Escrow Deposit and Trust Agreement, or as may arise by reason of any act, omission or error of the Escrow Bank made in good faith in the conduct of its duties; provided, however, that LAVWMA shall not be required to indemnify the Escrow Bank against its own negligence or misconduct. The indemnities contained in this Section 10 shall survive the termination of this Escrow Deposit and Trust Agreement.

The Escrow Bank and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or any securities deposited therein, the purchase of the securities to be purchased pursuant hereto, the retention of such securities or the proceeds thereof, the sufficiency of the securities or any uninvested moneys held hereunder to accomplish the defeasance of the 2011 Bonds, or any payment, transfer or other application of moneys or securities by the Escrow Bank in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error or the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the "whereas" clauses herein shall be taken as the statement of LAVWMA and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank make no representations as to the sufficiency of the securities to be purchased pursuant hereto and any uninvested moneys to accomplish the redemption of the 2011 Bonds pursuant to the 2011 Indenture or to the validity of this Agreement as LAVWMA and, except as otherwise provided herein, the Escrow Bank shall incur no liability in respect thereof. The Escrow Bank shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Agreement. The Escrow Bank may consult with counsel, who may or may not be counsel to LAVWMA, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel) may be deemed to be conclusively established by a written certification of LAVWMA.

Section 11. Notices. All written notices to be given under this Escrow Deposit and Trust Agreement shall be given by mail to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other parties in writing from time to time.

If to LAVWMA:

General Manager
Livermore-Amador Valley Water Management
Agency
7501 Dublin Boulevard
Dublin, CA 94568

If to the Escrow Bank:

U.S. Bank National Association
One California Street, Suite 1000

San Francisco, CA 94111

Section 12. California Law. This Escrow Deposit and Trust Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 13. Severability. Any provision of this Escrow Deposit and Trust Agreement found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Escrow Deposit and Trust Agreement.

Section 14. Execution in Counterpart. This Escrow Deposit and Trust Agreement may be executed in counterparts and each of said counterparts shall be deemed an original for all purposes of this Escrow Deposit and Trust Agreement. All of such counterparts taken together shall be deemed to be one and the same instrument.

* * * * *

IN WITNESS WHEREOF, the Escrow Bank and LAVWMA have each caused this Escrow Deposit and Trust Agreement to be executed by their duly authorized officers all as of the date first above written.

LIVERMORE-AMADOR VALLEY WATER
MANAGEMENT AGENCY

By: _____
General Manager

U.S. BANK NATIONAL ASSOCIATION, as
Escrow Bank

By: _____
Authorized Officer

EXHIBIT A
REDEMPTION SCHEDULE OF
2011 BONDS

<u>Redemption Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
<hr/> 2021			

EXHIBIT B**FORM OF REDEMPTION NOTICE****NOTICE OF FULL REDEMPTION****\$105,345,000****Livermore-Amador Valley Water Management Agency****2011 Sewer Revenue Refunding Bonds****Date of Issuance: October 13, 2011**

NOTICE IS HEREBY GIVEN that there have been called for full redemption by the Livermore-Amador Valley Water Management Agency ("LAVWMA") on _____, 2021 ("Redemption Date") all of the outstanding above-captioned bonds ("Bonds"), as listed below, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus interest accrued to the Redemption Date, without premium ("Redemption Price"):

Maturity	Initial	Interest	CUSIP
<u>Date</u>	<u>Principal Amount</u>	<u>Rate</u>	<u>No.*</u>
2022	\$5,195,000	5.000%	538152 CC1
2023	5,460,000	3.500	538152 CD9
2024	5,660,000	5.000	538152 CE7
2025	5,950,000	5.000	538152 CF4
2026	6,250,000	4.000	538152 CG2
2027	6,510,000	5.000	538152 CH0
2028	6,845,000	5.000	538152 CJ6
2029	7,195,000	4.250	538152 CK3
2030	7,510,000	4.375	538152 CL1
2031	7,845,000	4.500	538152 CM9

**The Livermore-Amador Valley Water Management Agency and Trustee shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included solely for the convenience of the holders.*

The Bonds are being called pursuant to the redemption provisions of the Indenture of Trust, dated as of October 1, 2011 ("Indenture"), by and between LAVWMA and U.S. National Bank Association, as trustee ("Trustee"). On the Redemption Date, all interest on the Bonds will cease to accrue and the Redemption Price will be due and payable. Any Bond to be redeemed will be deemed redeemed on the Redemption Date whether or not it is delivered to the Trustee.

Holders of the Bonds must present their Bonds to collect the Redemption Price, at the following addresses:

Delivery Instructions:

[to come from U.S. Bank]

By: U.S. Bank National Association,
as Trustee

Dated: _____, 2021

IMPORTANT TAX NOTICE

Withholding of 28% of gross Redemption proceeds of any payment made within the United States may be required by the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. **Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.**

EXHIBIT C

FORM OF DEFEASANCE NOTICE

Notice of Defeasance

\$105,345,000

Livermore-Amador Valley Water Management Agency**2011 Sewer Revenue Refunding Bonds****Date of Issuance: October 13, 2011**

NOTICE IS HEREBY GIVEN, with respect to the above-captioned bonds (the "Bonds"), that the Livermore-Amador Valley Water Management Agency ("LAVWMA") has on _____, 2021, from the proceeds of sale of refunding bonds and other sources, irrevocably set aside in the account established for such purpose and held by U.S. Bank National Association, as trustee (the "Trustee") under an Indenture of Trust, dated as of October 1, 2011 (the "Indenture") related to the Bonds, moneys which shall be sufficient to redeem the outstanding Bonds on _____, 2021 (the "Redemption Date") at a redemption price ("Redemption Price") equal to 100% of the principal amount to be redeemed, plus interest accrued to the Redemption Date, without premium. A schedule of the maturity dates of the outstanding Bonds and the CUSIP numbers of such Bonds is attached as Schedule 1.

The moneys deposited in such account will be held uninvested, and are irrevocably pledged to the payment of principal or redemption price of and interest on the Bonds.

As a consequence of the foregoing actions and in accordance with the Indenture, the Bonds are deemed to have been paid, except that the owners of the Bonds shall be entitled to the Redemption Price of the Bonds, and LAVWMA shall remain liable for such Redemption Price (as defined in the Indenture), but only out of moneys held by the Trustee.

Additional information regarding the foregoing actions may be obtained from the Trustee, [contact information, telephone number _____].

Dated: _____, 2021

U.S. BANK NATIONAL ASSOCIATION, as Trustee

SCHEDULE 1

Maturity	Initial	Interest	CUSIP
<u>Date</u>	<u>Principal Amount</u>	<u>Rate</u>	<u>No.*</u>
2022	\$5,195,000	5.000%	538152 CC1
2023	5,460,000	3.500	538152 CD9
2024	5,660,000	5.000	538152 CE7
2025	5,950,000	5.000	538152 CF4
2026	6,250,000	4.000	538152 CG2
2027	6,510,000	5.000	538152 CH0
2028	6,845,000	5.000	538152 CJ6
2029	7,195,000	4.250	538152 CK3
2030	7,510,000	4.375	538152 CL1
2031	7,845,000	4.500	538152 CM9

**The Livermore-Amador Valley Water Management Agency and Trustee shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included solely for the convenience of the holders.*

\$ _____
**LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY
2021 SEWER REVENUE REFUNDING BONDS**

BOND PURCHASE AGREEMENT

August __, 2021

Livermore-Amador Valley Water Management Agency
7051 Dublin Boulevard
Dublin, California 94568

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”), acting not as a fiduciary or agent for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement (the “**Purchase Agreement**”) with the Livermore-Amador Valley Water Management Agency (the “**Agency**”), which, upon acceptance, will be binding upon the Agency and the Underwriter. This offer is made subject to acceptance by the Agency on the date hereof, and if not accepted will be subject to withdrawal by the Underwriter upon notice delivered to the Agency at any time prior to the acceptance hereof by the Agency.

The Agency acknowledges and agrees that: (a) the purchase and sale of the Bonds (as such term is defined herein) pursuant to this Purchase Agreement is an arm’s length commercial transaction between the Agency and the Underwriter, and the only obligations that the Underwriter has to the Agency with respect to the transaction that is contemplated hereby expressly are set forth in this Purchase Agreement; (b) 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 principal and is not acting as a Municipal Advisor (as such term is defined in Section 15B of The Securities Exchange Act of 1934, as amended) to the Agency; (c) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Agency with respect to the offering that is 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 on other matters); (d) the Underwriter has financial and other interests that may differ from and be adverse to those of the Agency; and (e) the Agency has consulted its own legal, financial, accounting, tax and other advisors to the extent that it has deemed appropriate.

1. Purchase, Sale and Delivery of the Bonds.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements that are set forth herein, the Underwriter agrees to purchase from the Agency, and the Agency agrees to sell to the Underwriter, all (but not less than all) of the Livermore-Amador Valley Water Management Agency 2021 Sewer Revenue Refunding Bonds (the “**Bonds**”) in the aggregate principal amount specified in Exhibit A. The Bonds shall be dated the Closing Date (as such term is defined herein), and bear interest from said date (payable semiannually on _____ 1, 2022 and each February 1 and August 1 thereafter) at the rates per annum and maturing on the dates and in the amounts set forth in Exhibit A. The purchase price for the Bonds shall be the amount specified as such in Exhibit A.

(b) The Bonds shall be substantially in the form that is described in, shall be issued and secured under the provisions of, and shall be payable and subject to redemption as provided in, the Indenture of Trust, dated as of August 1, 2021 (the “**Indenture**”), by and between the Agency and U.S. Bank National Association, as trustee (the “**Trustee**”). The Indenture was approved by a resolution adopted by the Board of Directors of the Agency (the “**Board**”) on August __, 2021 (the “**Resolution of Issuance**”). The Bonds and interest thereon will be payable from LAVWMA Net Revenues (as such term is defined in the Indenture).

Proceeds of the sale of the Bonds will be used in accordance with the Indenture: (i) 2011 Sewer Revenue Refunding Bonds (the “**2011 Bonds**”) in full; and (ii) to pay costs of issuance of the Bonds.

The refunding of the 2011 Bonds will be accomplished by the execution of an Escrow Deposit and Trust Agreement, dated as of August 1, 2021 (the “**Escrow Agreement**”), by and between the Agency and U.S. Bank National Association, as escrow bank (the “**Escrow Bank**”).

(c) Subsequent to its receipt of the certificate of the Agency (in substantially the form that is set forth in Exhibit B) deeming final the Preliminary Official Statement for the Bonds, which Preliminary Official Statement, including the cover page and all appendices thereto, as supplemented, is herein collectively referred to as the “**Preliminary Official Statement**,” for purposes of Rule 15c2-12 (“**Rule 15c2-12**”) promulgated by the Securities and Exchange Commission (the “**SEC**”), the Underwriter distributed copies of the Preliminary Official Statement. The Agency hereby ratifies the use by the Underwriter of the Preliminary Official Statement and authorizes the Underwriter to use and distribute: (i) the final Official Statement dated the date hereof (including all information that was previously permitted to have been omitted from the Preliminary Official Statement by Rule 15c2-12, and any supplements and amendments thereto as have been approved by the Agency, as evidenced by the execution and delivery of such document by an officer of the Agency, the “**Official Statement**”); (ii) the Indenture; (iii) the Continuing Disclosure Certificate of the Agency dated the Closing Date (the “**Agency Disclosure Undertaking**”) related to the Bonds; (iv) this Purchase Agreement; (v) the Escrow Agreement; (vi) the Second Amended and Restated Sewer Service Contract, dated as of August 1, 2021 (the “**Service Contract**”), by and among the Agency, the City of Pleasanton (“**Pleasanton**”), the City of Livermore (“**Livermore**”) and Dublin San Ramon Services District (the “**District**” and, together with Pleasanton and Livermore, the “**Members**”); and (vii) any other documents or contracts to which the Agency is a party and all information contained therein and all other documents, certificates and statements that are furnished by the Agency to the Underwriter in connection with the transactions that are contemplated by this Purchase Agreement. The Underwriter hereby agrees to deliver a copy of the Official Statement to the Municipal Securities Rulemaking Board (the “**MSRB**”) through the Electronic Municipal Marketplace Access website of the MSRB on or before the Closing Date and otherwise to comply with all applicable statutes and regulations in connection with the offering and sale of the Bonds, including, without limitation, MSRB Rule G-32 and Rule 15c2-12.

(d) At 8:00 A.M., California Time, on September __, 2021, or at such earlier time or date as shall be agreed upon by the Underwriter and the Agency (such time and date being herein referred to as the “**Closing Date**”), the Agency will deliver: (i) to The Depository Trust Company (“**DTC**”) in New York, New York, the Bonds in definitive form (all Bonds being in book-entry form registered in the name of Cede & Co. and having the CUSIP numbers that are assigned to them printed thereon), duly executed by the officers of the Agency, as provided in the Indenture; and (ii) to the Underwriter, at the offices of Jones Hall, A Professional Law Corporation (“**Bond Counsel**”), in San Francisco,

California, or at such other place as shall be mutually agreed upon by the Agency and the Underwriter, the other documents that are mentioned herein; and the Underwriter shall accept such delivery and pay the purchase price of the Bonds in immediately available funds (such delivery and payment being referred to as the “**Closing**”). Notwithstanding the foregoing, the Underwriter may, in its discretion, accept delivery of the Bonds in temporary form upon making arrangements with the Agency which are satisfactory to the Underwriter relating to the delivery of the Bonds in definitive form.

(e) Except as otherwise disclosed and agreed to by the Agency, the Underwriter agrees to make a bona fide public offering of the Bonds at the initial public offering price or prices set forth on the inside cover page of the Official Statement and in Exhibit A; provided, however, that the Underwriter reserves the right to change such initial public offering prices as the Underwriter deems necessary or desirable, in its sole discretion, in connection with the marketing of the Bonds, and to sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the initial offering prices set forth in the Official Statement. A “bona fide public offering” shall include an offering to institutional investors or registered investment companies, regardless of the number of such investors to which the Bonds are sold.

2. Representations, Warranties and Agreements of the Agency. The Agency represents, warrants and covenants to and agrees with the Underwriter that:

(a) The Agency is duly organized and validly existing as a joint exercise of powers authority under the laws of the State of California (the “**State**”) and has full right and authority to issue the Bonds under Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code. The Board has duly adopted the Resolution of Issuance at a regular meeting of the Board that 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 of Issuance is in full force and effect and has not been modified, amended or rescinded. The Agency has, and at the Closing Date will have, as the case may be, full legal right, power and authority: (i) to execute, deliver and perform its obligations under this Purchase Agreement, the Indenture, the Escrow Agreement, the Agency Disclosure Undertaking and the Service Contract (collectively, the “**Agency Documents**”) and to carry out all transactions that are contemplated by each of such documents; (ii) to issue, sell and deliver the Bonds to the Underwriter pursuant to the Resolution of Issuance and the Indenture as provided herein; and (iii) to carry out, give effect to and consummate the transactions that are contemplated by the Agency Documents and the Official Statement;

(b) The Agency has complied, and will at the Closing Date be in compliance, in all material respects, with the Agency Documents, and immaterial compliance by the Agency, if any, will not impair the ability of the Agency to carry out, give effect to or consummate the transactions that are contemplated by the foregoing. From and after the date of issuance of the Bonds, the Agency will continue to comply with the covenants of the Agency that are set forth in the Agency Documents;

(c) The Board has duly and validly: (i) authorized and approved the execution, delivery and due performance of the Bonds and the Agency Documents; (ii) authorized the preparation, delivery and distribution of the Preliminary Official Statement and the Official Statement; and (iii) authorized and approved the performance by the Agency of its obligations that are contained in, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions that are contemplated by, each of the Agency Documents, the Bonds and the Official

Statement; and at the Closing Date, the Agency Documents will be in full force and effect and the Agency Documents and the Bonds will constitute the valid, legal and binding obligations of the Agency and (assuming due authorization, execution and delivery by other parties thereto, where necessary) will be enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights in general and to the application of equitable principles if equitable remedies are sought;

(d) To the best of the Agency's knowledge, the Agency is not in breach of or default under any applicable law or administrative rule or regulation of the State or the United States, or of any department, division, agency or instrumentality thereof, or under any applicable court order, administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Agency is a party or is otherwise subject or bound, a consequence of which could be to materially and adversely affect the performance by the Agency of its obligations under the Bonds or the Agency Documents, and compliance with the provisions of each thereof will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State or the United States, or of any department, division, agency or instrumentality thereof, or under any applicable court order or administrative decree or order, or a material breach of or default under any loan agreement, note, resolution, trust agreement, contract, agreement or other instrument to which the Agency is a party or is otherwise subject or bound;

(e) Except for compliance with blue sky or other state securities law filings, as to which the Agency makes no representations, all approvals, consents, authorizations, elections and orders of or filings or registrations with any State governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Agency of its obligations hereunder, or under the Agency Documents, have been obtained and are in full force and effect;

(f) The Agency may lawfully pledge LAVWMA Net Revenues to pay the Bonds;

(g) The Agency shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Underwriter (unless such supplement or amendment is required by law); provided that any such Underwriter consent shall not be unreasonably withheld. Until the date which is twenty-five (25) days after the "end of the underwriting period" (as such term is defined herein), if any event shall occur of which the Agency is aware, as a result of which it may be necessary to supplement the Official Statement in order to make the statements in the Official Statement, in light of the circumstances existing at such time, not misleading, the Agency shall forthwith notify the Underwriter of any such event of which it has knowledge and shall cooperate fully in furnishing any information that is available to it for any supplement to the Official Statement which is necessary, in the Underwriter's opinion, so that the statements therein as so supplemented will not be misleading in light of the circumstances existing at such time, and the Agency shall promptly furnish to the Underwriter a reasonable number of copies of such supplement. As used herein, the term "**end of the underwriting period**" means the later of such time as: (i) the Agency delivers the Bonds to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the "end of the underwriting period" shall be deemed to be the Closing Date. Any notice that is delivered pursuant to this provision shall be written notice delivered to the Agency at or

prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the “end of the underwriting period;”

(h) The Indenture creates a valid pledge of the moneys in the Revenue Fund established pursuant to the Indenture, including the investments thereof, subject in all cases to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions that are set forth therein. Until such time as moneys have been set aside in an amount that is sufficient to pay all then outstanding Bonds at maturity or to the date of redemption if redeemed prior to maturity, plus unpaid interest thereon to maturity or to the date of redemption if redeemed prior to maturity, and premium, if any, the Agency will faithfully perform and abide by all of the covenants, undertakings and provisions that are contained in the Indenture;

(i) Except as disclosed in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body is pending and of which the Agency has received service of process or, to the best knowledge of the Agency, threatened: (i) which would materially adversely affect the ability of the Agency to perform its obligations under the Bonds or the Agency Documents; (ii) that seeks to restrain or to enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Indenture or the pledge of LAVWMA Net Revenues to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds or the Agency Documents or any action contemplated by any of said documents; or (iii) in any way contesting the completeness or accuracy of the Preliminary Official Statement or the powers or authority of the Agency with respect to the Bonds, the Agency Documents or any action of the Agency contemplated by any of said documents; nor is there any action pending or, to the best knowledge of the Agency, threatened against the Agency which alleges that interest on the Bonds is not exempt from State income taxation;

(j) 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 for the Underwriter 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 determine the eligibility of the Bonds for investment under the laws of such jurisdictions; provided, however, that: (i) the Underwriter shall be responsible for all costs relating to such determination and qualification; (ii) the Agency shall not be required to register as a dealer or a broker of securities or to consent to service of process in connection with any blue sky filing; and (iii) the Agency shall not be required to execute a general or special consent to service of process or to qualify to do business in connection with any such qualification or determination in any jurisdiction;

(k) Any certificate that is signed by any official of the Agency who is authorized to do so shall be deemed a representation and warranty to the Underwriter as to the statements made therein;

(l) The Agency will apply the proceeds of the Bonds in accordance with the Indenture and as described in the Official Statement;

(m) The information contained in the Preliminary Official Statement (other than information relating to DTC and its book-entry system, information supplied by any of the Members and information regarding the Underwriter, as to which no view is expressed) was as of the date thereof, and the information contained in the Official Statement (other than information relating to

DTC and its book-entry system, information supplied by any of the Members and information regarding the Underwriter, as to which no view is expressed) as of its date and as of the Closing Date shall be, true and correct in all material respects, and such information does not and shall not contain any untrue or misleading statement of a material fact or omit to state any material fact that is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(n) The Agency has deemed final as of its date those portions of the Preliminary Official Statement that do not contain information which was supplied by the Members, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of Rule 15c2-12. The Agency hereby covenants and agrees that, within seven (7) business days from the date hereof, the Agency shall cause a final form of the Official Statement to be delivered to the Underwriter in a quantity mutually agreed upon by the Underwriter and the Agency so that the Underwriter may comply with paragraph (b)(4) of Rule 15c2-12 and Rules G-12, G-15, G-32 and G-36 of the MSRB;

(o) Except as disclosed in the Preliminary Official Statement and the Official Statement, the Agency has not within the last five years failed to comply in any material respect with any continuing disclosure undertakings under Rule 15c2-12;

(p) The Agency shall not voluntarily undertake any course of action that is inconsistent with satisfaction of the requirements that are applicable to the Agency as set forth in this Purchase Agreement; and

(q) The Agency shall not knowingly take or omit to take any action that, under existing law, may adversely affect the tax-exempt status of the interest on the Bonds for federal income tax purposes.

3. Conditions to the Obligations of the Underwriter. The obligations of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and warranties on the part of the Agency that are contained herein, as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the Agency made in any certificates or other documents that are furnished pursuant to the provisions hereof, to the performance by the Agency of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the Agency Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the transactions contemplated thereby and by this Purchase Agreement, all such actions as, in the opinion of Bond Counsel and Stradling Yocca Carlson & Rauth, a Professional Corporation, counsel to the Underwriter, shall be necessary and appropriate;

(b) The information that is contained in the Official Statement will, as of the Closing Date and as of the date of any supplement or amendment thereto pursuant to Section 2(g) hereof, be true, correct and complete in all material respects and will not, as of the Closing Date or as of the date of any supplement or amendment thereto pursuant to Section 2(g) hereof, contain any untrue statement of a material fact or omit to state a material fact that is 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;

(c) Between the date hereof and the Closing Date, the market price or marketability of the Bonds at the initial offering prices that are set forth in the Official Statement shall not have been materially adversely affected, in the reasonable judgment of the Underwriter (evidenced by a written notice to the Agency terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds), by reason of any of the following:

(1) legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America or recommended to the Congress by the President of the United States, the Department of the Treasury, the Internal Revenue Service, or any member of Congress, or favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration or a decision rendered by a court established under Article III of the Constitution of the United States of America or by the Tax Court of the United States of America, 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 Treasury Department or the Internal Revenue Service of the United States of America, with the purpose or effect, directly or indirectly, of adversely affecting the tax-exempt status of the interest on the Bonds for federal income tax purposes;

(2) legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America, 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 SEC, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under or from other requirements of the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under or from 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, or of the Bonds, including any or all underwriting arrangements, as contemplated hereby or by the Official Statement or otherwise is or would be in violation of the federal securities laws, rules or regulations as amended and then in effect;

(3) any amendment to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Agency, its property, income, securities (or interest thereon), or the ability of the Agency to pledge LAVWMA Net Revenues to pay the Bonds as contemplated by the Agency Documents or the Official Statement;

(4) any event occurring, or information becoming known, which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or the Official Statement, or results in the Preliminary Official Statement or the Official Statement containing any untrue statement of a material fact or omitting to state a material fact that is required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(5) the declaration of war or the escalation of, or engagement in, military hostilities by the United States or the occurrence of any other national or international emergency,

civil unrest, pandemic or calamity relating to the effective operation of the government of, or the financial community in, the United States which, in the judgment of the Underwriter, makes it impracticable or inadvisable to proceed with the offering or the delivery of the Bonds on the terms and in the manner that are contemplated in the Preliminary Official Statement or the Official Statement;

(6) the declaration of a general banking moratorium by federal, State of New York or State of California authorities, or the general suspension of trading on any national securities exchange or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange or other national securities exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction that, in the Underwriter's reasonable judgment, makes it impracticable for the Underwriter to market the Bonds or enforce contracts for the sale of the Bonds;

(7) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions that are not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(8) the entry of an order by a court of competent jurisdiction which enjoins or restrains the Agency from collecting LAVWMA Gross Revenues (as such term is defined in the Indenture) or which order, in the reasonable opinion of the Underwriter, otherwise materially and adversely affects the Agency's finances;

(9) a material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred;

(10) there shall have been any material adverse change in the affairs of the Agency that in the Underwriter's reasonable judgment will materially adversely affect the market for the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds;

(11) there shall be established any new restriction on transactions in securities materially affecting the free market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a change to the net capital requirements of, underwriters established by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order;

(12) any rating of the Bonds or the rating of any obligations of the Agency shall have been downgraded or withdrawn by a national rating service, which, in the opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(13) a stop order, release, regulation, or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made to the effect that the issuance, offering or sale of the Bonds, including all of the underlying obligations as contemplated hereby or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds is or would be in violation of any provision of the federal

securities laws at the Closing Date, including the Securities Act of 1933, the Securities Exchange Act of 1934 and the Trust Indenture Act of 1939, as amended; and

(d) On the Closing Date, the Underwriter shall have received counterpart originals or certified copies of the following documents, in each case satisfactory in form and substance to the Underwriter:

- (1) The Agency Documents, each duly executed by the parties thereto;
- (2) The Resolution of Issuance, together with a certificate dated as of the Closing Date of the Agency Secretary to the effect that such resolution has been duly adopted by the Board at a regularly scheduled meeting which was called and held in accordance with law and has not been modified, amended or rescinded since its adoption;
- (3) The Official Statement, duly executed by the Agency, and the Preliminary Official Statement;
- (4) A executed certificate of the Agency relating to the Preliminary Official Statement, in substantially the form attached as Exhibit B;
- (5) A certified copy of the Agency's Joint Exercise of Powers Agreement and all amendments thereto and related certificates issued by the Secretary of State of the State;
- (6) An unqualified approving opinion for the Bonds, dated the Closing Date and addressed to the Agency, of Bond Counsel, in the form attached to the Preliminary Official Statement as an appendix, and an unqualified letter of such counsel, dated the Closing Date and addressed to the Underwriter and the Trustee, to the effect that such approving opinion addressed to the Agency may be relied upon by the Underwriter and the Trustee to the same extent as if such opinion was addressed to it;
- (7) A supplemental opinion, dated the Closing Date and addressed to the Underwriter, of Bond Counsel, to the effect that: (i) the Agency Documents have been duly authorized, executed and delivered by the Agency, and, assuming that such agreements constitute valid and binding obligations of the other parties thereto, as applicable, constitute the legally valid and binding obligations of the Agency enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditors' rights or remedies and general principles of equity (regardless of whether such enforceability is considered in equity or at law); (ii) 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; and (iii) the information contained in the Official Statement on the cover and under the captions "INTRODUCTION," "REFUNDING PLAN," "THE 2021 BONDS," "SECURITY FOR THE 2021 BONDS" and "TAX MATTERS" and in Appendices D and F thereof (except that no opinion or belief need be expressed as to any financial or statistical data contained therein), insofar as it purports to summarize certain provisions of the Bonds, the Indenture and Bond Counsel's approving opinion for the Bonds, presents a fair and accurate summary of such provisions;

(8) An opinion, dated the Closing Date and addressed to the Underwriter, of Stradling Yocca Carlson & Rauth, a Professional Corporation, counsel to the Underwriter, in form and substance satisfactory to the Underwriter;

(9) A certificate or certificates, dated the Closing Date and signed by an authorized officer of the Agency, ratifying the use and distribution by the Underwriter of the Preliminary Official Statement and the Official Statement in connection with the offering and sale of the Bonds; and certifying that: (i) the representations and warranties of the Agency in Section 2 are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) to the best of his or her knowledge, no event has occurred since the date of the Official Statement affecting the matters contained therein which should be disclosed in the Official Statement for the purposes for which it is to be used in order to make the statements and information contained in the Official Statement not misleading in any material respect, and the Bonds and the Agency Documents conform as to form and tenor to the descriptions thereof contained in the Official Statement; (iii) the Agency has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied under the Agency Documents at or prior to the Closing Date;

(10) An opinion, dated the Closing Date and addressed to the Underwriter of the Agency's General Counsel, to the effect that:

(A) the Agency is a joint exercise of powers authority that is duly organized and validly existing under and by virtue of the laws of the State and has full right and authority to issue the Bonds under Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code;

(B) the Resolution of Issuance was duly adopted at a regular meeting of the Board that 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 of Issuance is in full force and effect and has not been modified, amended or rescinded as of the Closing Date;

(C) the execution and delivery by the Agency of the Agency Documents, and compliance by the Agency with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution, or agreement to which the Agency is subject to or by which it is bound, the consequence of which could be a material and adverse effect on the performance by the Agency of its obligations under the Agency Documents; and

(D) except as otherwise disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending of which the Agency has received service of process or, to the best knowledge of such counsel, threatened against the Agency: (i) in any way questioning the existence of the Agency or the titles of the officers thereof to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance of the Bonds or any of the Agency Documents, or the payment or collection of any amounts pledged or to be pledged to pay the Bonds, or in any way contesting or affecting the validity of the Bonds or the Agency Documents or the consummation of the transactions that are contemplated thereby or any proceeding of the Agency or taken with respect to any of the foregoing, or explicitly alleging that the interest that is payable on the Bonds is taxable under federal law or contesting the powers of the Agency to issue the

Bonds; (iii) that may result in any change relating to the Agency that will materially adversely affect its ability to pay 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 that is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(11) A certificate of the Trustee and an opinion of counsel to the Trustee dated the Closing Date and addressed to the Agency and the Underwriter, each to the effect that the Trustee has authorized the execution and delivery of the Indenture, that the Indenture is a valid and binding obligation of the Trustee enforceable in accordance with its terms, that the execution and delivery of the Indenture is not prohibited by any order or contractual provision binding the Trustee, that there exists no litigation or regulatory action that would prohibit the Trustee from carrying out its obligations under the Indenture and that the Trustee has duly authenticated the Bonds;

(12) A letter of Jones Hall, A Professional Law Corporation, as Disclosure Counsel to the Agency (“**Disclosure Counsel**”), dated the Closing Date and addressed to the Underwriter, to the effect that, based on the information made available to it in its role as Disclosure Counsel, without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement or the Official Statement, but on the basis of its participation in conferences with the Underwriter, counsel to the Underwriter, the Agency, the Agency’s General Counsel, the Agency’s municipal advisor (the “**Municipal Advisor**”), the Members and others, and its examination of certain documents, no information has come to the attention of the attorneys in the firm rendering legal services in connection with the issuance of the Bonds which would lead them to believe that the Preliminary Official Statement as of its date or the Official Statement as of its date and as of the Closing Date contained any untrue statement of a material fact or omitted to state any material fact that is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no opinion or belief need be expressed as to any financial, statistical and demographic data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, the engineer’s report and information regarding DTC and its book-entry only system contained in the Preliminary Official Statement and the Official Statement);

(13) A certified copy of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution and delivery of the Indenture and the authentication and delivery of the Bonds by the Trustee;

(14) Copies of the preliminary and final notices to the California Debt and Investment Advisory Commission relating to the Bonds;

(15) Evidence of the Agency’s compliance with or exemption from Section 8855(i) of the California Government Code;

(16) A copy of the executed Blanket Issuer Letter of Representations by and between the Agency and The Depository Trust Company relating to the book entry system, or an acknowledgement from The Depository Trust Company that such a letter is on file with The Depository Trust Company;

(17) Evidence that the ratings on the Bonds are as set forth in the Official Statement;

(18) A report of a certified public accountant verifying the sufficiency of the amounts deposited pursuant to the Escrow Agreement to refund the 2011 Bonds;

(19) A defeasance opinion of Bond Counsel relating to the 2011 Bonds;

(20) A certificate of the Escrow Bank and an opinion of counsel to the Escrow Bank dated the Closing Date and addressed to the Agency and the Underwriter, each to the effect that the Escrow Bank has authorized the execution and delivery of the Escrow Agreement, that the Escrow Agreement is a valid and binding obligation of the Escrow Bank enforceable in accordance with its terms, that the execution and delivery of the Escrow Bank is not prohibited by any order or contractual provision binding the Escrow Bank and that there exists no litigation or regulatory action that would prohibit the Escrow Bank from carrying out its obligations under the Escrow Agreement;

(21) A executed certificate of each Member relating to the Preliminary Official Statement, in substantially the form attached as Exhibit D;

(22) A certificate of each Member dated the Closing Date and addressed to the Agency and the Underwriter, each in substantially the form attached as Exhibit E;

(23) An opinion of the City Attorney or General Counsel to each Member, as applicable, dated the Closing Date and addressed to the Agency and the Underwriter, each in substantially the form attached as Exhibit F; and

(24) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the statements and information in the Preliminary Official Statement and the Official Statement, of the Agency's representations and warranties herein and the due performance or satisfaction by the Agency at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the Agency in connection with the transactions contemplated hereby and by the Official Statement.

If the Agency shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds which are contained in this Purchase Agreement, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter nor the Agency shall be under any further obligation hereunder, except that the respective obligations of the Agency and the Underwriter set forth in Sections 5, 6 and 8 shall continue in full force and effect.

4. Conditions to the Obligations of the Agency. The Agency's obligations hereunder are subject to the Underwriter's performance of its obligations hereunder, and are also subject to the following conditions:

(a) As of the Closing Date, no litigation shall be pending or, to the knowledge of the duly authorized officer of the Agency executing the certificate referred to in Section 3(d)(9) hereof, threatened, to restrain or enjoin the issuance or sale of the Bonds or in any way affecting any

authority for or the validity of the Bonds, the Agency Documents or the existence or powers of the Agency; and

(b) As of the Closing Date, the Agency shall receive the approving opinion of Bond Counsel referred to in Section 3(d)(6) hereof, dated as of the Closing Date.

5. Expenses. Whether or not the Bonds are delivered to the Underwriter as set forth herein:

(a) The Underwriter shall be under no obligation to pay, and the Agency shall pay or cause to be paid (out of any legally available funds of the Agency) all expenses that are incident to the performance of the Agency's obligations hereunder, including, but not limited to, the cost of printing, engraving and delivering the Bonds to the Underwriter, the cost of preparation, printing, distribution and delivery of the Indenture, the Preliminary Official Statement, the Official Statement and all other agreements and documents that are contemplated hereby (and drafts of any thereof) in such reasonable quantities as requested by the Underwriter (excluding the fees and disbursements of the Underwriter's counsel), reimbursement to the Underwriter for any meals and travel for Agency employees or officers that were paid for by the Underwriter, the fees and disbursements of the Trustee for the Bonds and Bond Counsel, Disclosure Counsel, the Municipal Advisor and any accountants, engineers or any other experts or consultants that the Agency has retained in connection with the Bonds and any other expenses that are agreed to by the parties; and

(b) The Agency shall be under no obligation to pay, and the Underwriter shall pay, any fees of the California Debt and Investment Advisory Commission, the cost of preparation of any "blue sky" or legal investment memoranda and this Purchase Agreement; expenses to qualify the Bonds for sale under any "blue sky" or other state securities laws; and all other expenses that are incurred by the Underwriter in connection with its public offering and distribution of the Bonds (except those which are specifically enumerated in paragraph (a) of this section), including the fees and disbursements of its counsel and any advertising expenses.

6. Notices. Any notice or other communication to be given to the Agency under this Purchase Agreement may be given by delivering the same in writing to the Agency at the address that is set forth on the first page of this Purchase Agreement. Any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, One Montgomery Street, 35th Floor, San Francisco, California 94104, Attention: Eric McKean.

7. Parties in Interest. This Purchase Agreement is made solely for the benefit of the Agency and the Underwriter (including their successors or assigns), and no other person shall acquire or have any right hereunder or by virtue hereof.

8. Survival of Representations and Warranties. The representations and warranties of the Agency in or made pursuant to this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Purchase Agreement and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and statements of the Agency and regardless of delivery of and payment for the Bonds.

9. Effective. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Agency and shall be valid and enforceable as of the time of such acceptance.

10. No Prior Agreements. This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of Bonds for the Agency.

11. Governing Law. This Purchase Agreement shall be governed by the laws of the State of California.

12. Public Offering; Establishment of Issue Price for Bonds.

(a) The Underwriter agrees to assist the Agency in establishing the issue price of the Bonds and shall execute and deliver at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit C, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Agency and Bond Counsel (as such term is defined herein) to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(b) Except as otherwise set forth in Exhibit A, the Agency will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of the Purchase Agreement, the Underwriter shall report to the Agency the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Agency the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until the Underwriter has sold all Bonds of that maturity to the public; provided that the Underwriter’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, the Agency or Bond Counsel.

(c) The Underwriter confirms that it has offered the Bonds to the public on or before the date of the Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Exhibit A, except as otherwise set forth therein. Exhibit A also sets forth, identified under the column “Hold the Offering Price Rule Used,” as of the date of the Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the Agency and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Agency to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

1. the close of the fifth (5th) business day after the sale date; or

2. the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the Agency promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

(d)

(i) The Underwriter confirms that any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either: (I) all Bonds of that maturity allocated to it have been sold; or (II) it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity; provided that the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter;

(B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter;

(C) promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below); and

(D) acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) The Underwriter confirms that any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to: (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity; provided that the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer; and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The Agency acknowledges that, in making the representations set forth in this subsection, the Underwriter will rely on: (A) in the event that a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the

Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires; and (B) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Agency further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

(f) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

1. “public” means any person other than an underwriter or a related party;
2. “underwriter” means: (A) any person that agrees pursuant to a written contract with the Agency (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public; and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);
3. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to: (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and
4. “sale date” means the date of execution of the Purchase Agreement by all parties.

13. Counterparts. This Purchase Agreement may be executed simultaneously in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

Very truly yours,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By: _____
Authorized Representative

LIVERMORE-AMADOR VALLEY WATER
MANAGEMENT AGENCY

By: _____
Authorized Officer

EXHIBIT A

\$_____

**LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY
2021 SEWER REVENUE REFUNDING BONDS****MATURITY SCHEDULE**

<i>Maturity Date (August 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Initial Offering Price</i>	<i>10% Test Used</i>	<i>Hold the Offering Price Rule Used</i>
20__	\$	%	%			

^C Priced to first optional redemption date of _____ 1, 20__ at par.

^T Term Bonds.

The purchase price of the Bonds shall be \$_____, which is equal to the principal amount thereof (\$_____.00), plus/less a net original issue premium/discount, less Underwriter's discount of \$_____.

EXHIBIT B**LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY
2021 SEWER REVENUE REFUNDING BONDS****RULE 15c2-12 CERTIFICATE OF THE AGENCY**

The undersigned hereby certifies and represents that the undersigned is the _____ of the Livermore-Amador Valley Water Management Agency (the “**Agency**”), and, as such, is duly authorized to execute and deliver this certificate, and further hereby certifies that:

(1) this certificate is being delivered in connection with the sale and issuance of the above-captioned obligations (the “**Bonds**”) in order to enable the underwriter of the Bonds to comply with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the “**Rule**”);

(2) in connection with the sale and issuance of the Bonds, there has been prepared a Preliminary Official Statement dated the date of this certificate setting forth information concerning the Bonds and the Agency (the “**Preliminary Official Statement**”); and

(3) except for the Permitted Omissions, the Preliminary Official Statement is deemed final within the meaning of the Rule. As used herein, the term “**Permitted Omissions**” refers to the offering price(s), interest rates(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters, all as set forth in the Rule, as well as information under the captions “DUBLIN SAN RAMON SERVICES DISTRICT,” “CITY OF LIVERMORE” and “CITY OF PLEASANTON” and in Appendix A (except for the Agency’s financial statements set forth therein).

August __, 2021.

LIVERMORE-AMADOR VALLEY WATER
MANAGEMENT AGENCY

By: _____
Its: _____

EXHIBIT C**LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY
2021 SEWER REVENUE REFUNDING BONDS****FORM OF ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated (“Stifel”) hereby certifies as set forth below with respect to the sale and delivery of the above-captioned obligations (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) Stifel offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, dated _____, 2021, by and between Stifel, as the Underwriter, and the Issuer, Stifel has agreed in writing that: (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”); and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) ***Hold-the-Offering-Price Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) ***Holding Period*** means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (which Sale Date is _____, 2021), or (ii) the date on which Stifel has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(b) ***Issuer*** means Cosumnes Community Services District.

(c) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(d) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(e) *Underwriter* means: (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public; and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations that are set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Jones Hall, A Professional Law Corporation, Special Counsel, in connection with rendering its opinion that the interest with respect to the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By: _____

Name: _____

By: _____

Name: _____

Dated: ____ __, 2021

SCHEDULE A

**SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING
PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**

(Attached)

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

EXHIBIT D**LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY
2021 SEWER REVENUE REFUNDING BONDS****RULE 15c2-12 CERTIFICATE OF [MEMBER NAME]**

The undersigned hereby certifies and represents that the undersigned is the _____ of the [MEMBER NAME] (the “**Member**”), and, as such, is duly authorized to execute and deliver this certificate, and further hereby certifies that:

(1) this certificate is being delivered in connection with the sale and issuance of the above-captioned obligations (the “**Bonds**”) in order to enable the underwriter of the Bonds to comply with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the “**Rule**”);

(2) in connection with the sale and issuance of the Bonds, there has been prepared a Preliminary Official Statement dated the date of this certificate setting forth information concerning the Bonds and the Member (the “**Preliminary Official Statement**”); and

(3) except for the Permitted Omissions, the information in the Preliminary Official Statement under the caption “[CAPTION OF MEMBER DISCLOSURE]” is deemed final within the meaning of the Rule. As used herein, the term “**Permitted Omissions**” refers to the offering price(s), interest rates(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters, all as set forth in the Rule.

August __, 2021.

[MEMBER NAME]

By: _____
Its: _____

EXHIBIT E**LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY
2021 SEWER REVENUE REFUNDING BONDS****CLOSING CERTIFICATE OF [MEMBER NAME]**

1. I am the duly appointed, qualified, and acting [City/General] Manager of the [MEMBER NAME] (the “**Member**”), and, as such, I am familiar with the facts herein certified and am authorized to certify the same. Capitalized terms which are used herein and not otherwise defined herein shall have the meanings that are ascribed to such terms in the Bond Purchase Agreement, dated August __, 2021, by and between the Livermore-Amador Valley Water Management Agency (the “**Agency**”) and Stifel, Nicolaus & Company, Incorporated.

2. The Member is a [general law city and municipal corporation/community services district] that is duly organized and validly existing under California law. The Member has the full legal right, power and authority to enter into and carry out, give effect to and consummate all of the Member’s obligations under the Second Amended and Restated Sewer Service Contract, dated as of August 1, 2021 (the “**Service Contract**”), by and among the Agency, the Member, the [OTHER MEMBER NAMES] (together with the Member, the “**Members**”).

3. The Member is a party to the Amended and Restated Joint Exercise of Powers Agreement, dated September 10, 1997 (the “**JPA Agreement**”), by and among the Members, pursuant to which the Agency has been established [DSRSD AND PLEASANTON ONLY: , and the Regional Agreement (as such term is defined in the Indenture)]. To the best of my knowledge, after due inquiry, the Member has complied, and is on the date hereof in compliance, in all material respects with the JPA Agreement and the Service Contract [DSRSD AND PLEASANTON ONLY: and the Regional Agreement] (collectively, the “**Agreements**”).

4. The Agreements have been executed, and delivered by the Member, and, assuming the due authorization, execution and delivery thereof by the other parties thereto, the Agreements constitute legal, valid and binding obligations of the Member. The Member has not amended, modified or rescinded any of the Agreements, and each of them is in full force and effect as of the date hereof.

5. To the best of my knowledge, after due inquiry, the Member is not in breach of or default under any law or administrative rule or regulation of the State of California, the United States of America, or any department, division, agency or instrumentality of either thereof, any applicable court or administrative decree or order or any loan agreement, note, bond, resolution, indenture, contract, agreement or other instrument to which it is a party or is otherwise subject or bound and which would materially impair its ability to perform its obligations under the Agreements.

6. To the best of my knowledge, the Member’s execution and delivery of the Agreements, any other applicable agreements and the other instruments contemplated by any of such documents to which the Member is a party, do not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State of California, the United States of America, any department, division, agency or instrumentality of either thereof, any applicable court or administrative decree or order or any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Member is a party or is otherwise subject or

bound. Compliance by the Member with the Agreements, any other applicable agreements and the other instruments contemplated by any of such documents to which the Member is a party, does not and will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State of California, the United States of America, or any department, division, agency or instrumentality of either thereof, any applicable court or administrative decree or order or any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Member is a party or is otherwise subject or bound.

7. To the best of my knowledge, after due inquiry, all approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Member of its obligations under the Agreements and any other applicable agreements, have been obtained and are in full force and effect.

8. The information contained in the Preliminary Official Statement and the Official Statement under the caption “[CAPTION OF MEMBER DISCLOSURE]” and in Appendix [A] relating to the Member does not contain any untrue statement of a material fact or omit to state a material fact that is required to be stated therein or necessary to make statements therein relating to the Member, in light of the circumstances under which they were made, not misleading. In addition, the descriptions of the Agreements contained in the Preliminary Official Statement and the Official Statement are accurate insofar as they pertain to the Member.

9. Except as disclosed in the Official Statement, to the best of my knowledge, after due inquiry, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency or public board or body is pending or, to the best of my knowledge, without having made any inquiry with respect thereto, threatened against the Member in any way affecting the existence of the Member or the titles of its directors or officers to their respective offices, the enforceability of the Service Contract against the Member, the powers of the Member or its authority with respect to the Agreements and any other applicable agreements contemplated by any of said documents, or which if determined adversely to the Member would have a material and adverse effect upon the Member’s ability to pay the amounts required to be paid by it pursuant to the Service Contract; nor to my knowledge is there any basis therefor.

10. To the actual knowledge of the Member, without having made any inquiry with respect thereto, except as disclosed in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency or public board or body is pending or threatened seeking to restrain or to enjoin the issuance of the Bonds, the application of the proceeds thereof in accordance with the Indenture, in any way contesting or affecting the validity or enforceability of the Agreements, in any way contesting the completeness or accuracy of the Official Statement or which would adversely affect the exclusion of interest paid on the Bonds from gross income for purposes of federal income taxation.

IN WITNESS WHEREOF, I hereunto set my hand this _____ day of September, 2021.

[MEMBER NAME]

By: _____
[City/General] Manager

EXHIBIT F**LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY
2021 SEWER REVENUE REFUNDING BONDS****CLOSING OPINION OF COUNSEL TO [MEMBER NAME]**

September __, 2021

Stifel, Nicolaus & Company, Incorporated	Livermore-Amador Valley Water Management Agency
One Montgomery Street, 35th Floor	7051 Dublin Boulevard
San Francisco, California 94104	Dublin, California 94568

Re: \$_____ *Livermore-Amador Valley Water Management Agency 2021 Sewer Revenue Refunding Bonds*

Ladies and Gentlemen:

We are the [General Counsel/City Attorney] of [MEMBER NAME] (the “**Member**”) and have acted as counsel to the Member in connection with the issuance of the above-captioned obligations (the “**Bonds**”) and the other matters that are referred to herein. The Bonds are being issued pursuant to the Indenture of Trust, dated as of August 1, 2021 (the “**Indenture**”), by and between Livermore-Amador Valley Water Management Agency (the “**Agency**”) and U.S. Bank National Association, as trustee.

In arriving at the opinions that are expressed below, we have examined and are familiar with the following documents: (i) documents relating to the existence and organization of the Member; (ii) the Member’s Closing Certificate dated the date hereof; (iii) the Amended and Restated Joint Exercise of Powers Agreement, dated September 10, 1997 (the “**JPA Agreement**”), by and among the Member, the [OTHER MEMBER NAMES] (together with the Member, the “**Members**”), pursuant to which the Agency has been established; (iv) the Second Amended and Restated Sewer Service Contract, dated as of August 1, 2021 (the “**Service Contract**”), by and among the Agency and the Members; (v) the resolution of the Member adopted on August __, 2021 (the “**Member Resolution**”) pursuant to which the Service Contract was approved; (vi) the Preliminary Official Statement dated August __, 2021 relating to the Bonds (the “**POS**”) and the Official Statement dated August __, 2021 relating to the Bonds (the “**Official Statement**”); and (vii) [DSRSD AND PLEASANTON ONLY: the Regional Agreement (as such term is defined in the Indenture)].

In rendering our opinions herein we have relied on discussions with officers of the Member and information made available in the ordinary course of business in our role as [General Counsel/City Attorney] to the Member. In rendering the opinions herein, we have assumed, but not independently verified, that the signatures on all documents which we have examined are genuine.

The law firm of Jones Hall, A Professional Law Corporation, has acted as bond counsel (“**Bond Counsel**”) with respect to the subject transaction and in preparing to express the opinions herein, we have reviewed the opinion of Bond Counsel delivered on this date. We have assumed, but not independently verified, that the statements of law and fact set forth therein are accurate and complete.

Based on the foregoing, and subject to the qualifications set forth below, we are of the opinion that:

1. The Member is a [general law city and municipal corporation/community services district] that is duly organized and validly existing under State of California law and duly qualified to furnish wastewater collection, treatment and disposal service within its boundaries.

2. The Member Resolution was duly adopted at a regular meeting of the governing board of the Member that 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 Member Resolution is in full force and effect and has not been modified, amended or rescinded.

3. The JPA Agreement, the Service Contract and [DSRSD AND PLEASANTON ONLY: the Regional Agreement] (collectively, the “**Agreements**”) have been duly authorized, executed, and delivered by the Member, and, assuming the due authorization, execution and delivery thereof by the other parties thereto, the Agreements constitute legal, valid and binding obligations of the Member enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors’ rights in general and by general equitable principles if equitable remedies are sought.

4. The Member has the legal right, power and authority to enter into the Agreements and to carry out and consummate all transactions reasonably contemplated thereby, and the Member has complied with the provisions of applicable law relating to such transactions.

5. The obligation of the Member to make payments under the Service Contract from Net Revenues (as such term is defined in the Service Contract) is a valid, legal and binding obligation of the Member enforceable in accordance with its terms.

6. No approval, consent or authorization of any governmental or public agency, authority or person was required for the execution and delivery by the Member of the Agreements.

7. The authorization, execution and delivery of the Agreements and compliance with the provisions thereof do not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the Member, any commitment, agreement or other instrument to which the Member is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the Member (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the Member and its affairs.

8. To the best of our knowledge, except as disclosed in the Official Statement, there is no action, suit, proceeding inquiry or investigation at law or in equity, or before any court, public board or body, pending or, to our knowledge, threatened against or affecting the Member or any entity affiliated with the Member or any of its officers in their respective capacities as such, which questions the powers of the Member referred to herein or the validity of the proceedings taken by the Member in connection with the authorization, execution or delivery of the Agreements, or wherein any unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Agreements or which would adversely affect the validity or enforceability of the Agreements.

9. Based on information made available to us in our role as [General Counsel/City Attorney] to the Member, but without having undertaken to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements contained in the POS or the Official Statement, nothing has come to our attention which would lead us to believe that the Service Contract does not conform in all material respects to the description thereof contained in the POS and the Official Statement.

10. Based on information made available to us in our role as general counsel to the Member, but without having undertaken to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements contained in the POS or the Official Statement under the caption “[CAPTION OF MEMBER DISCLOSURE]” (excluding financial and statistical data therein), nothing has come to our attention which would lead us to believe that the statements contained under said caption (excluding financial and statistical data therein) contain any untrue statement of a material fact or omit to state a material fact that is required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect.

We express no opinion with respect to the validity of the Bonds, the exclusion of the interest thereon from the gross income of the recipient for federal income tax purposes, the exemption of such interest from personal income taxes of the State of California, or with respect to any other matters regarding the Bonds, or any other matters, other than as set forth above.

This opinion is limited to the laws of the State of California and the United States of America. No person other than the addressees hereof is entitled to rely on this opinion, nor may this opinion be relied on in connection with any transaction other than those described herein.

PRELIMINARY OFFICIAL STATEMENT DATED JULY 14, 2021

NEW ISSUE – BOOK-ENTRY ONLY

Rating:

S&P: _____

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to LAVWMA, subject, however to certain qualifications described herein, under existing law, the interest on the 2021 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

\$ _____
LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY
2021 SEWER REVENUE REFUNDING BONDS

Date: Date of Delivery

Due: August 1, as shown below

The 2021 Bonds. The Livermore-Amador Valley Water Management Agency 2021 Sewer Revenue Refunding Bonds (the "2021 Bonds") are being issued by the Livermore-Amador Valley Water Management Agency ("LAVWMA") pursuant to an Indenture of Trust, dated as of August 1, 2021 (the "Indenture"), between LAVWMA and U.S. Bank National Association, as trustee (the "Trustee"), for the purpose of providing funds to (i) refinance LAVWMA's revenue bonds captioned "\$105,345,000 2011 Sewer Revenue Refunding Bonds," which are outstanding in the principal amount of \$64,420,000 (the "2011 Bonds") and (ii) pay costs of issuing the 2021 Bonds, as more fully described in this Official Statement. LAVWMA operates the LAVWMA wastewater disposal system for the benefit of the following public agencies (collectively, the "Members"): Dublin San Ramon Services District ("DSRSD") and the Cities of Pleasanton ("Pleasanton") and Livermore ("Livermore").

Interest on the 2021 Bonds is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2022. The 2021 Bonds are being issued in fully registered form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the 2021 Bonds. Individual purchases will be made in book-entry form only in denominations of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial ownership interest in the 2021 Bonds purchased. See APPENDIX C - "BOOK-ENTRY SYSTEM."

Redemption Prior to Maturity. The 2021 Bonds are subject to mandatory redemption prior to maturity, as described in this Official Statement.

Security for the 2021 Bonds. The 2021 Bonds are payable solely from "LAVWMA Net Revenues," consisting principally of payments from DSRSD, on behalf of itself and Pleasanton, and Livermore under a Second Amended and Restated Sewer Service Contract, dated as of August 1, 2021 (the "Sewer Service Contract"), among LAVWMA and the Members, less "LAVWMA Maintenance and Operation Costs." Under the Sewer Service Contract, in consideration of LAVWMA providing "Sewer Service" capacity, the Members agree to make payments to LAVWMA (the "Payments"); the Payments have a fixed and a variable component and are intended to be sufficient to pay debt service on the 2021 Bonds and to pay the costs of operating and maintaining the LAVWMA Enterprise. **LAVWMA's obligation to pay debt service on the 2021 Bonds is limited to the extent it receives the Payments for that purpose from the Members.**

Security for the Obligation to Make the Payments. Pursuant to the Sewer Service Contract, the Members pledge and create, in favor of LAVWMA and the Trustee for the 2021 Bonds, a lien on the Net Revenues of their respective wastewater systems (the "Sewer Systems"), to pay to LAVWMA the amounts owed in order for LAVWMA to pay debt service on the 2021 Bonds. There are three important limitations with respect to this pledge of Net Revenues. First, this lien is subordinate to the Members' existing obligations payable from their respective Net Revenues, as well as obligations payable from their respective Net Revenues to be issued in the future by the Members to finance or refinance improvements to their respective Sewer Systems. Second, for DSRSD and Pleasanton, "Net Revenues," as defined in the Sewer Service Contract, does not include all of the fees, rates and charges collected by DSRSD and Pleasanton in connection with their respective Sewer Systems; DSRSD and Pleasanton have only pledged regional service charges as security for their obligation to make the Payments. Third, Pleasanton, in its capacity as the largest customer of DSRSD's Sewer System, is only obligated to levy regional charges and fees established by DSRSD and to transfer the amount collected to DSRSD. See "SECURITY FOR THE 2021 BONDS – Sewer Service Contract" for the definition of Net Revenues.

The obligation of the Members to pay the Payments is a several, but not joint, obligation, and there is no cross-collateralization of the obligation to make Payments among the Members.

Rates and Charges Levied by Members. Pursuant to the Sewer Service Contract, the Members have covenanted to undertake certain actions with respect to rates and charges and their respective Sewer Systems. See "SECURITY FOR THE 2021 BONDS – Rate Covenants."

2021 Bonds Are a Limited Obligation of LAVWMA. THE 2021 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF LAVWMA AND ARE PAYABLE SOLELY FROM LAVWMA NET REVENUES. THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE 2021 BONDS DOES NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF LAVWMA OR ANY

* Preliminary; subject to change.

MEMBER OF LAVWMA FOR WHICH ANY SUCH ENTITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH ANY SUCH ENTITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. LAVWMA HAS NO TAXING POWER.

Parity Bonds. LAVWMA may issue or incur additional Parity Bonds, subject to the terms and conditions of the Indenture, as more fully described in this Official Statement.

No Debt Service Reserve Fund. LAVWMA is not funding a debt service reserve fund for the 2021 Bonds.

MATURITY SCHEDULE – See inside front cover.

This cover page contains certain information for quick reference only and is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See “RISK FACTORS” for a description of certain of the risks associated with an investment in the 2021 Bonds.

The 2021 Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and certain other conditions. Jones Hall is also acting as Disclosure Counsel to LAVWMA. Certain legal matters will be passed upon for LAVWMA by Jarvis, Fay & Gibson, LLP, Oakland, California, and for the Members by their respective counsel. Certain legal matters will be passed on for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. It is expected that the 2021 Bonds in definitive form will be available for delivery to DTC in New York, New York on or about _____, 2021.

STIFEL

_____, 2021

MATURITY SCHEDULE
\$ _____ Serial Bonds
(Base CUSIP†: 538152)

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP†</u> <u>Number</u>	<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP†</u> <u>Number</u>
--------------------------------------	-----------------------------------	--------------------------------	--------------	--------------------------------	--------------------------------------	-----------------------------------	--------------------------------	--------------	--------------------------------

\$ _____ % Term Bonds due August 1, 20_ - Yield: ____% - CUSIP† _____

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with LAVWMA, the Members, the Municipal Advisor or the Underwriter and are included solely for the convenience of the holders of the 2021 Bonds. None of LAVWMA, the Members, the Municipal Advisor or the Underwriter is responsible for the selection or use of these CUSIP numbers, and no representation is made as to their correctness on the 2021 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the 2021 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2021 Bonds.

No dealer, broker, salesperson or other person has been authorized by LAVWMA, the Members or the Underwriter to give any information or to make any representations with respect to the 2021 Bonds other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2021 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the 2021 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described in this Official Statement, are intended solely as such and are not to be construed as representations of fact.

The information set forth in this Official Statement has been provided by LAVWMA, the Members and other sources that are believed by LAVWMA to be reliable. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expression of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in affairs of LAVWMA or the Members since the date of this Official Statement. This Official Statement, including any supplement or amendment, is intended to be deposited with one or more repositories.

In connection with this offering, the Underwriter may over-allot or effect transactions which may stabilize or maintain the market price of the 2021 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the captions "FINANCIAL INFORMATION ON LAVWMA - Projected Operating Results and Debt Service Coverage," "DUBLIN SAN RAMON SERVICES DISTRICT - Financial Information," "CITY OF PLEASANTON - Financial Information," and "CITY OF LIVERMORE - Financial Information."

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. LAVWMA DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS CHANGE, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED CHANGE.

LAVWMA, DSRSD, Livermore and Pleasanton maintain internet websites, but the information on those websites is not incorporated by reference in this Official Statement.

LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY

Governing Board of LAVWMA

Ann Marie Johnson, Chair
Director, Dublin San Ramon Services District

Julie Testa, Vice Chair
City Council Member, City of Pleasanton

Valerie Arkin, Member
City Council Member, City of Pleasanton

Gina Bonanno, Member
City Council Member, City Of Livermore

Bob Carling, Member
City Council Member, City Of Livermore

Arun Goel, Member
Director, Dublin San Ramon Services District

Management

Charles V. Weir, General Manager
Carol Atwood, Treasurer

General Counsel

Jarvis, Fay & Gibson, LLP
Oakland, California

Special Services

Bond Counsel and Disclosure Counsel

Jones Hall, A Professional Corporation
San Francisco, California

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Verification Agent

Robert Thomas CPA, LLC
Minneapolis, Minnesota

Trustee and Escrow Agent

U.S. Bank National Association
San Francisco, California

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OFFICIAL STATEMENT

\$ _____ *

LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY
2021 SEWER REVENUE REFUNDING BONDS

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the 2021 Bonds being offered and a brief description of the Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California and any documents referred to in this Official Statement do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions.

Purpose

The purpose of this Official Statement, which includes the cover page and appendices, is to set forth certain information concerning the issuance and sale of the Livermore-Amador Valley Water Management Agency 2021 Sewer Revenue Refunding Bonds (the “**2021 Bonds**”) pursuant to an Indenture of Trust, dated as of August 1, 2021 (the “**Indenture**”), between the Livermore-Amador Valley Water Management Agency (“**LAVWMA**”) and U.S. Bank National Association, as trustee (the “**Trustee**”), for the purpose of providing funds to (i) refinance LAVWMA’s revenue bonds captioned “\$105,345,000 2011 Sewer Revenue Refunding Bonds,” which are outstanding in the principal amount of \$64,420,000 (the “**2011 Bonds**”) and (ii) pay costs of issuing the 2021 Bonds. See “REFUNDING PLAN”.

LAVWMA and the LAVWMA Enterprise

LAVWMA. LAVWMA owns, operates and maintains an export pipeline and related facilities for treated wastewater disposal which benefit the following public agencies (collectively, the “**Members**”) and their respective system for providing collection, treatment, disposal or reuse of wastewater, as applicable (each, a “**Sewer System**”):

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

See “-The Members” below.

LAVWMA 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 Members. LAVWMA was created for the purpose of providing for the construction, operation, maintenance, repair and replacement of LAVWMA facilities for wastewater disposal to serve the general plans of Livermore and Pleasanton and the service area of DSRSD’s sewer system (see “THE LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY –Service Area”).

* Preliminary; subject to change.

LAVWMA receives treated wastewater from the Members and does not itself treat wastewater or own or operate any wastewater treatment facilities.

LAVWMA Enterprise. The principal facility of LAVWMA is a 16-mile pipeline that transports treated wastewater from the LAVWMA export pump station in Pleasanton to the East Bay Dischargers Authority (“**EBDA**”) pipeline in San Leandro pursuant to an agreement between LAVWMA and EBDA (referred to as the “**EBDA Agreement**”). Proceeds of revenue bonds issued by LAVWMA in 2001, which were refinanced with the proceeds of the 2011 Bonds, financed (i) an export pumping and pipeline expansion that increased the total design capacity of the LAVWMA Enterprise from 21 million gallons per day (“**mgd**”) peak wet weather flow (“**PWWF**”) to 41.2 mgd PWWF (the “**LAVWMA Expansion Project**”) and (ii) a significant rehabilitation of the existing pipeline between Pleasanton and Castro Valley (the “**Rehabilitation Project**”).

LAVWMA provides service to the Members pursuant to a Second Amended and Restated Sewer Service Contract dated as of August 1, 2021 (the “**Sewer Service Contract**”) as well as other contracts described in “THE LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY.”

Because each Member’s obligation to pay for the LAVWMA Expansion Project is different from its obligation to pay for the Rehabilitation Project, the Sewer Service Contract distinguishes between “Expansion Project Bonds” and “Rehabilitation Project Bonds”. See “-Security for the 2021 Bonds” below.

Refunding Plan

The 2011 Bonds are subject to optional redemption at a redemption price equal to the outstanding principal amount, without premium, plus interest accrued to the redemption date. See “REFUNDING PLAN.”

The Members

DSRSD. DSRSD is a special district located in Alameda and Contra Costa Counties that provides water and wastewater service in the City of Dublin, wastewater service in the City of San Ramon and, under a contract defined in the Sewer Service Contract as the “**Regional Agreement**,” wastewater treatment and disposal service to Pleasanton. See “DUBLIN SAN RAMON SERVICES DISTRICT - Rates and Charges.” The wastewater service area of DSRSD has a population of approximately 188,000 (including 78,371 people in Pleasanton). DSRSD provides wastewater service to 75,296 dwelling unit equivalents (“**DUEs**”) (including treatment for 36,793 Pleasanton DUEs). DSRSD provides wastewater collection and treatment to 38,503 DUEs in the cities of Dublin and San Ramon.

Pleasanton. Pleasanton is a city within Alameda County with a population of 78,371 as of January 1, 2021. Pleasanton provides wastewater collection to 36,793 DUEs within Pleasanton. Pleasanton is a customer of DSRSD’s Sewer System, and its primary obligation under the Sewer Service Contract is to levy on users of its Sewer System the Regional Service Charges, the Regional Capacity Reserve Buy-In Fees and the Regional Capacity Reserve Fees established by DSRSD.

Livermore. Livermore is a city within Alameda County with a population of 91,216 as of January 1, 2021. Livermore provides wastewater collection and treatment service to 39,024 DUEs within Livermore.

See “DUBLIN SAN RAMON SERVICES DISTRICT,” “CITY OF PLEASANTON” and “CITY OF LIVERMORE” for information about the respective Sewer Systems of the Members.

Security for the 2021 Bonds

LAVWMA Net Revenue. The 2021 Bonds are payable solely from “**LAVWMA Net Revenues**,” consisting principally of payments (the “**Payments**”) from DSRSD, on behalf of itself and Pleasanton (see “DUBLIN SAN RAMON SERVICES DISTRICT - Rates and Charges”), and Livermore under the Sewer Service Contract, less “**LAVWMA Maintenance and Operation Costs**.” The Members make the Payments in consideration of the provision by LAVWMA of capacity for the disposal or reuse of wastewater (the “**Sewer Service**”). Under the Sewer Service Contract, the Payments consist of the following:

- (i) “**Fixed Cost Allocation for Debt Service**,” which equals a fixed percentage of the debt service on the 2021 Bonds, any bonds issued on a parity with the 2021 Bonds under the Indenture (“**Parity Bonds**”) and any bonds issued to refund the 2021 Bonds or the Parity Bonds (collectively, the “**Bonds**”). The Fixed Cost Allocation for Debt Service on Rehabilitation Bonds, i.e., Bonds issued to finance the Rehabilitation Project, is as follows: Livermore (39.95%) and DSRSD/Pleasanton (60.05%, of which 23.34% is allocable to DSRSD and 36.71% is allocable to Pleasanton). The Fixed Cost Allocation for Debt Service on Expansion Project Bonds, i.e., Bonds issued to finance the LAVWMA Expansion Project to increase capacity to 41.2 mgd peak wet weather flow, is as follows: Livermore (22.52%) and DSRSD/Pleasanton (77.48%, of which 45.71% is allocable to DSRSD and 31.77% is allocable to Pleasanton). See Table 2 for historical debt service coverage and Table 3 for a projected debt service coverage table.
- (ii) LAVWMA Maintenance and Operation Costs, which consist of “**Fixed LAVWMA Maintenance and Operation Costs**” and “**Variable LAVWMA Maintenance and Operation Costs**” (each of which term is defined in Appendix D). The Fixed Cost Allocation for Fixed LAVWMA Maintenance and Operation Costs of the Members is as follows: Livermore (30.10%) and DSRSD/Pleasanton (69.90%).

Limited Obligation. The 2021 Bonds are special, limited obligations of LAVWMA, and are only secured by a pledge of the portion of the LAVWMA Net Revenues that is required to make payments of principal of or Redemption Price and interest on the 2021 Bonds. LAVWMA’s obligation to pay debt service on the 2021 Bonds is limited to the extent that it receives the Fixed Cost Allocation for Debt Service component of the Payments from the Members and that other Payments from the Members are sufficient to pay LAVWMA Maintenance and Operation Costs; the Fixed Cost Allocation for Debt Service component of the Payments is sized to be equal to the scheduled debt service on the 2021 Bonds (without any coverage). See, however, “SECURITY FOR THE 2021 BONDS – Rate Stabilization Fund” for a discussion of other moneys that may be available to pay debt service on the 2021 Bonds.

THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE 2021 BONDS DOES NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF LAVWMA OR ANY MEMBER OF LAVWMA FOR WHICH ANY SUCH ENTITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM

OF TAXATION OR FOR WHICH ANY SUCH ENTITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. LAVWMA HAS NO TAXING POWER.

Security for the Payments

Security for the Obligation to Make the Payments. Pursuant to the Sewer Service Contract, the Members pledge and create, in favor of LAVWMA and the Trustee for the 2021 Bonds, a lien on the Net Revenues of their respective Sewer Systems, to pay to LAVWMA the Payments owed under the Sewer Service Contract in order for LAVWMA to pay debt service on the 2021 Bonds. See “SECURITY FOR THE 2021 BONDS – Sewer Service Contract” for the definition of Net Revenues.

There are three important limitations with respect to this pledge of Net Revenues:

First, this lien on Net Revenues is subordinate to the Members’ existing “**Obligations**” that are secured by a pledge of Net Revenues (as defined in “SECURITY FOR THE 2021 BONDS – Sewer Service Contract” below) as well as Obligations secured by a pledge of Net Revenues to be issued in the future by the Members to finance or refinance improvements to their respective Sewer Systems. For avoidance of doubt, the Net Revenues of the District do not include District Local Charges and the Net Revenues of Pleasanton do not include Pleasanton Local Charges or Pleasanton Local Maintenance and Operation Costs.

Second, for DSRSD and Pleasanton, “**Net Revenues**” are not defined in the Sewer Service Contract to include all of the fees, rates and charges collected by DSRSD and Pleasanton in connection with their respective Sewer Systems; DSRSD and Pleasanton have only pledged regional service charges as security for their obligation to make the Payments. . See Table 2 for historical Net Revenues and historical debt service coverage.

Third, Pleasanton, in its capacity as the largest customer of DSRSD’s Sewer System, is only obligated to levy regional charges and fees established by DSRSD (Regional Service Charges, Regional Capacity Reserve Fees and Regional Capacity Reserve Buy-In Fees) and to transfer the amount collected to DSRSD.

Rates Covenant by the Members. Pursuant to the Sewer Service Contract, the Members have covenanted to undertake certain actions with respect to rates and charges and their respective Sewer System. See “SECURITY FOR THE 2021 BONDS – Rate Covenants” below.

No Joint Obligation. The obligation of the Members to pay the Payments is a several, but not joint obligation, and there is no cross-collateralization of the Payment obligation among the Members. See “SECURITY FOR THE 2021 BONDS.”

Limited Abatement. The obligation of the Members to make Payments for Fixed LAVWMA Maintenance and Operation Costs is subject to abatement in the discretion of the Members during any period in which there is a material interruption in the Sewer Service to the Members. **The Members’ Payments for their Fixed Cost Allocation for Debt Service are not subject to abatement.**

Additional LAVWMA Obligations

LAVWMA may issue or incur Parity Bonds, subject to the terms and conditions of the Indenture, as more fully described in this Official Statement. See “SECURITY FOR THE 2021 BONDS - Parity Bonds.”

Other Obligations of the Members

The Members may incur in the future Obligations that are payable from Member Net Revenues. The Sewer Service Contract and the Indenture do not limit the amount of such Obligations that the Members may incur. See the subsections entitled “- Outstanding Long-Term Obligations” in the sections entitled “DUBLIN SAN RAMON SERVICES DISTRICT,” “CITY OF PLEASANTON” and “CITY OF LIVERMORE.”

The Members’ covenants in the Sewer Service Contract (see “SECURITY FOR THE 2021 Bonds - Rate Covenants”) are intended to ensure that the Members will have sufficient Member Net Revenues to satisfy their obligations under the Sewer Service Contract as well as their other Obligations.

No Reserve Account

LAVWMA will not fund or maintain a debt service reserve account for the 2021 Bonds. See “RISK FACTORS – No Debt Service Reserve Fund.”

Rate Stabilization Fund

A Rate Stabilization Fund is maintained by DSRSD. The amount on deposit in the Rate Stabilization Fund was \$50,361,849 as of June 30, 2021. All Regional Capacity Reserve Fees, which are excluded from DSRSD and Pleasanton’s Member Net Revenues, are deposited into the Rate Stabilization Fund. Generally, in calculating annual debt service for purposes of the rate-related covenant for DSRSD/Pleasanton (see “SECURITY FOR THE 2021 BONDS – Rate Covenants”), a credit is given for transfers from the Rate Stabilization Fund to pay “Expansion Project Debt Service” (as defined in “SECURITY FOR THE 2021 BONDS – Rate Covenants”).

Although the amounts in the Rate Stabilization Fund, if any, may be used to pay debt service on the 2021 Bonds, the Rate Stabilization Fund is not pledged to the 2021 Bonds and moneys in the Rate Stabilization Fund can be used for other purposes. Moreover, in general, the Rate Stabilization Fund is only funded from Regional Capacity Reserve Fees. Accordingly, there can be no assurance as to the future balances of the Rate Stabilization Fund.

See “SECURITY FOR THE 2021 BONDS - Rate Stabilization Fund.”

COVID-19 Statement

The COVID-19 pandemic has resulted in a public health crisis that is fluid and unpredictable with financial and economic impacts that cannot be predicted. As such, investors are cautioned that LAVWMA cannot, at this time, predict the impacts that the COVID-19 pandemic might have on the Members or their ability to make the Payments. For more disclosure regarding the COVID-19 emergency, see “COVID-19 PANDEMIC.”

Other Matters

The summaries of and references to all documents, statutes, reports and other instruments referred to in this Official Statement do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each document, statute, report or instrument. The capitalization of any word not conventionally capitalized, or otherwise defined in this Official Statement, indicates that such word is defined in a particular agreement or other document and, as used in this Official Statement, has the meaning given it in such agreement or document. Reference is made to Appendix D for certain of the defined terms in the Sewer Service Contract and the Indenture.

Additional Information

Copies of the Regional Agreement, the EBDA Agreement (as defined in “THE LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY – EBDA Agreement”), the Sewer Service Contract and the Indenture will be available for inspection at the offices of LAVWMA, and will be available upon request and payment of duplication costs from the Trustee. Information regarding this Official Statement may be obtained by contacting the General Manager, Livermore-Amador Valley Water Management Agency, 7051 Dublin Boulevard, Dublin, California, 94568.

COVID-19 PANDEMIC

The spread of the novel strain of coronavirus called SARS-CoV-2 that causes the disease known as COVID-19 (“**COVID-19**”) has had an adverse effect on, among other things, the world economy, global supply chain, international travel and a number of travel-related industries. The COVID-19 pandemic has also negatively affected travel, commerce, asset values and financial markets globally, and is widely expected to continue to negatively affect economic output worldwide and within the State and service areas of the Members. Unemployment in the United States dramatically increased as a result of the COVID-19 pandemic. Federal and state governments (including California) have enacted legislation and have taken executive actions designed to mitigate the negative public health and economic impacts of the COVID-19 pandemic.

Federal Response. The President’s declaration of a national emergency on March 13, 2020, made available more than \$50 billion in federal resources to combat the spread of the virus. A multi-billion-dollar relief package was signed into law by the President on March 18, 2020, providing for Medicaid expansion, unemployment benefits and paid emergency leave during the crisis. In addition, the Federal Reserve lowered its benchmark interest rate to nearly zero, introduced a large bond-buying program and established emergency lending programs to banks and money market mutual funds.

On March 27, 2020, the United States Congress passed a \$2 trillion relief package, referred to as the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). The package includes direct payments to taxpayers, jobless benefits, assistance to hospitals and healthcare systems, \$367 billion for loans to small businesses, a \$500 billion fund to assist distressed large businesses, including approximately \$30 billion to provide emergency grants to educational institutions and local educational agencies.

On April 9, 2020, the Federal Reserve took additional actions to provide up to \$2.3 trillion in loans to support the economy, including supplying liquidity to participating financial institutions in the Small Business Administration’s Paycheck Protection Program, purchasing up to \$600 billion in loans through the Main Street Lending Program and offering up to \$500 billion in lending to states and municipalities.

On April 24, 2020, an additional \$484 billion federal aid package was signed into law to provide additional funding for distressed small businesses and to provide funds for hospitals and COVID-19 testing. The legislation added \$310 billion to the Paycheck Protection Program, increased the small business emergency grant and loan program by \$60 billion, and directed \$75 billion to hospitals and \$25 billion to a new COVID-19 testing program.

On March 11, 2021, the President signed a \$1.9 trillion stimulus package (the “American Rescue Package”) into law, authorizing a third round of one-time stimulus payments for qualifying Americans, extending additional unemployment benefits, and providing aid to cities and states facing budget shortfalls.

State Response. At the State level, on March 15, 2020, the Governor ordered the closing of California bars and nightclubs, the cancellation of gatherings of more than 250 and confirmed continued funding for school districts that close under certain conditions. On March 16, 2020, the State legislature passed \$1.1 billion in general purpose spending authority for emergency funds to respond to the Coronavirus crisis. On March 19, 2020, the Governor issued Executive Order N-33-20, a blanket shelter-in-place order, ordering all California residents to stay home except for certain necessities and other essential purposes. On August 28, 2020, the Governor released a

new system called “Blueprint for a Safer California,” which placed the State’s 58 counties into four color-coded tiers – purple, red, orange, and yellow, in descending order of severity – based on the number of new daily cases of COVID-19 and the percentage of positive tests.

Under the State’s “Blueprint for a Safer California,” counties were required to spend at least three weeks in each tier before advancing to the next one. On June 15, 2021, California terminated the Blueprint for a Safer Economy and fully reopened its economy, ending capacity limits, physical distancing and certain mask requirements for individuals who are fully vaccinated in accordance with guidance from the Centers for Disease Control and Prevention (the “**CDC**”). Masks are still required on public transportation, in hospitals and jails, in schools and in other childcare centers pending updated guidance from the CDC. Public health measures currently remain for events with 5,000 or more people indoors or 10,000 attendees or more outdoors, with vaccine verification recommended. Certain public health measures, including but not limited to mask, testing and/or vaccination requirements, remain in certain business settings and for certain industries.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, the economic impacts and actions that may be taken by governmental authorities to contain the outbreak or to treat its impacts are uncertain and cannot be predicted. Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to the Governor’s office (<http://www.gov.ca.gov>) and the California Department of Public Health (<https://covid19.ca.gov/>). *None of the information on such websites is incorporated by reference into this Official Statement, and neither LAVWMA nor the Members assumes any responsibility for the accuracy of the information on such websites.*

The possible impacts that the COVID-19 emergency might have on the finances and operations of LAVWMA and the Members remain uncertain at this time. In addition, there may be unknown consequences of the COVID-19 emergency that neither LAVWMA nor the Members can predict.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds for the 2021 Bonds are as follows:

Sources:

Par Amount

[Net] Original Issue Premium

Total

Uses:

Deposit to Escrow Fund

Costs of Issuance (1)

Total

-
- (1) Includes fees and expenses of Bond Counsel and Disclosure Counsel, fees of the Municipal Advisor, Underwriter's discount, fees of the Trustee, fees of the Escrow Agent, fees of the Verification Agent, consulting fees, rating agency fees, printing costs and certain miscellaneous expenses.

REFUNDING PLAN

Redemption of the 2011 Bonds. Pursuant to the Indenture, LAVWMA will deliver a portion of the proceeds of the 2021 Bonds to the Trustee for deposit into an escrow fund (the "**Escrow Fund**") established pursuant to an Escrow Deposit and Trust Agreement, dated as of August 1, 2021 (the "**Escrow Agreement**"), between LAVWMA and U.S. Bank National Association, as escrow agent for the 2011 Bonds (the "**Escrow Agent**").

The Escrow Agent will hold the moneys in the Escrow Fund in cash, uninvested. From the moneys on deposit in the Escrow Fund, the Escrow Agent will pay the redemption price of the 2011 Bonds on _____, 2021 (the "**Redemption Date**"), being the outstanding principal amount of \$64,420,000, without premium, plus interest accrued to the Redemption Date.

Sufficiency of the deposits in the Escrow Fund for those purposes will be verified by Robert Thomas CPA, LLC, Minneapolis, Minnesota (the "**Verification Agent**"). See "Verification of Mathematical Computations" below. Assuming the accuracy of the Verification Agent's computations, as a result of the deposit and application of funds as provided in the Escrow Agreement, the 2011 Bonds will be defeased on the date of issuance of the 2021 Bonds.

The amounts held by the Escrow Agent in the Escrow Fund are pledged solely to the payment of amounts due and payable by LAVWMA with respect to the 2011 Bonds. The funds deposited in the Escrow Fund will not be available for the payment of debt service with respect to the 2021 Bonds unless amounts remain therein following the payment and redemption in full of the 2011 Bonds.

Verification of Mathematical Computations. The Verification Agent will examine the arithmetical accuracy of certain computations included in the schedules provided by LAVWMA relating to defeasance of the 2011 Bonds and the redemption of the 2011 Bonds on the Redemption Date.

The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

DEBT SERVICE SCHEDULE

2021 Bonds as Expansion Project Bonds and Rehabilitation Project Bonds. The Sewer Service Contract provides that 69.54% of the 2021 Bonds are Expansion Project Bonds and 30.46% of the 2021 Bonds are Rehabilitation Project Bonds. The Sewer Service Contract requires each Member to pay specific percentages of debt service on Expansion Project Bonds and specific percentages of debt service on Rehabilitation Project Bonds. See “SECURITY FOR THE 2021 BONDS - Sewer Service Contract.”

Scheduled Debt Service. The following table sets forth the annual debt service on the 2021 Bonds and the amount of debt service allocable to each Member pursuant to the Sewer Service Contract, assuming no optional redemptions of the 2021 Bonds.

Debt Service Coverage. See Table 3 for a projected debt service coverage table.

<u>Year (ending August 1)</u>	<u>2021 Bonds Principal</u>	<u>2021 Bonds Interest</u>	<u>2021 Bonds Total</u>	<u>Portion Attributable to DSRSD</u>	<u>Portion Attributable to Pleasanton⁽¹⁾</u>	<u>Portion Attributable to Livermore</u>
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(1) Pleasanton, in its capacity as the largest customer of DSRSD’s Sewer System, is only obligated to levy regional charges and fees established by DSRSD (Regional Service Charges, Regional Capacity Reserve Fees and Regional Capacity Reserve Buy-In Fees) and to transfer the amount collected to DSRSD.

THE 2021 BONDS

General

The 2021 Bonds will be dated their date of delivery, will bear interest (computed on the basis of a 360-day year consisting of twelve 30-day months) at the rates per annum (payable semiannually on February 1 and August 1 in each year, commencing February 1, 2022) and will mature and become payable on August 1 in each of the years in the principal amounts set forth on the inside cover page of this Official Statement. The 2021 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple of \$5,000.

Redemption

Optional Redemption. LAVWMA has chosen to not have an Optional Redemption provision.

Mandatory Sinking Fund Redemption. The 2021 Bonds maturing on August 1, 20__ are subject to mandatory redemption in part from Sinking Fund Installments to be made by LAVWMA on August 1, 20__ and on each August 1 thereafter up to and including August 1, 20__, at a Redemption Price equal to the principal amount thereof plus accrued interest, if any, to the redemption date without premium as follows:

Sinking Fund Payment Date (August 1)	<u>Principal Amount</u>
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Notice. Notice of redemption of any 2021 Bond will be mailed, by first class mail by the Trustee, not less than 20 nor more than 60 days prior to the date fixed for redemption, to certain information services (as provided in the Indenture) and to the registered owners of the 2021 Bonds or portions thereof to be redeemed, at their addresses appearing on the Bond Registration Books, but neither failure of any owner to receive any such notice nor any immaterial defect contained therein shall invalidate any of the proceedings taken in connection with such redemption.

The redemption notice may provide that redemption is conditional upon the availability of funds to accomplish the redemption and may state that LAVWMA has the right to rescind the notice.

Effect of Redemption. From and after the date so designated for redemption, the interest on the 2021 Bonds so called for redemption will cease to accrue, and such 2021 Bonds will cease to be entitled to any benefit or security under the Indenture and the registered owners of such 2021 Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, LAVWMA will select the Bonds to be redeemed from all Bonds or such given portion thereof not previously called for redemption in the manner determined by LAVWMA, and the Trustee will select the Bonds to be redeemed within a maturity by lot. For purposes of such selection, the Trustee will treat each Bond as consisting of separate \$5,000 portions and each such portion will be subject to redemption as if such portion were a separate Bond.

Purchase of 2021 Bonds in Lieu of Redemption. In lieu of optional redemption of 2021 Bonds as described above, amounts in the Redemption Account of the Debt Service Fund may also be used and withdrawn by the Trustee at any time, upon the Request of LAVWMA filed with the Trustee no later than March 15 in any year, for the purchase of 2021 Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Debt Service Fund) as LAVWMA may in its discretion determine, but not to exceed the principal amount of such 2021 Bonds plus the redemption premium applicable on the next ensuing optional redemption date. LAVWMA will, at the time of any such purchase, pay to the Trustee for deposit in the Debt Service Fund the amount of any deficiency in such Fund which may be caused by such purchase. All 2021 Bonds so purchased will be cancelled.

Book-Entry System

The 2021 Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of a nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the 2021 Bonds. So long as the 2021 Bonds remain in book-entry form, payments of principal of and interest on the 2021 Bonds will be made by the Trustee to DTC for subsequent credit to DTC Participants and disbursement to Beneficial Owners. One fully-registered Bond will be issued for each maturity of the 2021 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See “APPENDIX C - Book Entry System.”

LAVWMA, the Members and the Trustee cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal, interest or premium on the 2021 Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. LAVWMA, the Members and the Trustee are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the 2021 Bonds or an error or delay relating thereto.

SECURITY FOR THE 2021 BONDS

Pledge Under the Indenture

General. The 2021 Bonds are special limited obligations of LAVWMA payable solely from LAVWMA Net Revenues. LAVWMA Net Revenues are defined as the “**LAVWMA Gross Revenues**” received by LAVWMA less LAVWMA Maintenance and Operation Costs. The 2021 Bonds are secured by a pledge of the portion of LAVWMA Net Revenues needed to pay debt service on the Bonds (including the 2021 Bonds and any Parity Bonds).

Definitions. The Indenture defines the following terms:

“**LAVWMA Gross Revenues**” are defined in the Indenture as, for any period of computation, all amounts received for, and all other income and revenues derived by LAVWMA from, the ownership or operation of the LAVWMA Enterprise, or otherwise arising from the LAVWMA Enterprise during such period, including but not limited to (a) all amounts received by LAVWMA from the Members under the Sewer Service Contract (see “- Sewer Service Contract” below) and the Regional Agreement (see “DUBLIN SAN RAMON SERVICES DISTRICT – Regional Agreement”) for disposal or reuse of the Members’ wastewater, (b) all receipts derived from the investment of funds held by the Treasurer or the Trustee under the Indenture, and (c) all moneys received by LAVWMA in connection with the LAVWMA Enterprise.

“**LAVWMA Maintenance and Operation Costs**” are defined in the Indenture as, for any given period for any given facilities of the LAVWMA Enterprise, the reasonable and necessary costs of LAVWMA in maintaining and operating such facilities during such period, calculated on sound accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve such facilities in good repair and working order, and reasonable amounts for administration, overhead, insurance, taxes (if any) and other similar costs, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor, debt service, amortization of intangibles or other bookkeeping entries of a similar nature, and costs paid out of the Sole Use Replacement Fund, Dual Use Replacement Fund and Joint Use Replacement Fund (as those terms are defined in the Sewer Service Contract). For the avoidance of doubt, LAVWMA Maintenance and Operation Costs include payments made by LAVWMA to EBDA under the EBDA Master Agreement.

Assignment by LAVWMA to the Trustee. Under the Indenture, LAVWMA assigns to the Trustee, for the benefit of the Owners of the Bonds (i.e., the 2021 Bonds and any Parity Bonds), that portion of the LAVWMA Net Revenues which is necessary to pay the principal or redemption price of and interest on the Bonds in any fiscal year, together with all moneys on deposit in the Debt Service Fund, and such portion of the LAVWMA Net Revenues is irrevocably pledged to the punctual payment of the principal or redemption price of and interest on the Bonds. The LAVWMA Net Revenues pledged under the Indenture are not permitted to be used for any other purpose while any of the Bonds remain Outstanding, except that out of LAVWMA Net Revenues there may be apportioned and paid such sums for such purposes, as are expressly permitted by the Indenture.

Limited Obligation. The 2021 Bonds are special, limited obligations of LAVWMA, and are only secured by a pledge of LAVWMA Net Revenues. LAVWMA’s obligation to pay debt

service on the 2021 Bonds is limited to the extent that it receives the Fixed Cost Allocation for Debt Service component of the Payments from the Members and that other Payments from the Members are sufficient to pay LAVWMA Maintenance and Operation Costs; the Fixed Cost Allocation for Debt Service component of Payments is sized to be equal to the scheduled debt service on the 2021 Bonds (without any coverage). See, however, “ – Rate Stabilization Fund” for a discussion of other moneys that may be available to pay debt service on the 2021 Bonds.

Sewer Service Contract

Payments Comprise LAVWMA Gross Revenues. As explained in the previous section, LAVWMA Gross Revenues principally consist of Payments from DSRSD, on behalf of itself and Pleasanton (see “DUBLIN SAN RAMON SERVICES DISTRICT - Rates and Charges”), and Livermore under the Sewer Service Contract. The Payments made by each Member consist of a fixed percentage (the “**Fixed Cost Allocation**”) of the debt service on the 2021 Bonds and the LAVWMA Maintenance and Operation Costs, in consideration of the provision by LAVWMA of Sewer Service capacity.

The obligation of the Members to make payments of Fixed LAVWMA Maintenance and Operation Costs (as defined below) is subject to abatement during any period in which there is a material interruption in the Sewer Service to the Members. **However, the Members’ Payments for their Fixed Cost Allocation for Debt Service are not subject to abatement.**

Security for the Obligation to Make the Payments. Pursuant to the Sewer Service Contract, the Members pledge and create, in favor of LAVWMA and the Trustee for the 2021 Bonds, a lien on the Net Revenues of their respective Sewer Systems, to pay to LAVWMA the amounts owed in order for LAVWMA to pay debt service on the 2021 Bonds. There are three important limitations with respect to this pledge of Net Revenues:

First, this lien is subordinate to the Members’ existing Obligations that are payable from Member Net Revenues as well as Obligations secured by a pledge of Member Net Revenues to be issued in the future by the Members to finance or refinance improvements to their respective Sewer Systems. For avoidance of doubt, the Net Revenues of the District do not include District Local Charges and the Net Revenues of Pleasanton do not include Pleasanton Local Charges or Pleasanton Local Maintenance and Operation Costs. “**Obligations**” is defined in the Sewer Service Contract as bonds, notes, installment sale agreements or other obligations issued or to be issued by the Members, the proceeds of which are applied to finance or refinance improvements or repair to their respective Sewer Systems, and payable from Charges.

Second, for DSRSD and Pleasanton, “**Net Revenues**” is not defined in the Sewer Service Contract to include all of the fees, rates and charges collected by DSRSD and Pleasanton in connection with their respective Sewer Systems; DSRSD and Pleasanton have only pledged Regional Service Charges and Regional Capacity Reserve Buy-In Fees (but not Regional Capacity Reserve Fees) as security for their obligation to make the Payments. Livermore, on the other hand, has made a more traditional Net Revenue pledge as security for its obligation to make Payments, as can be seen by reference to the definition of the term “Charges” (see below). The following are the relevant definitions from the Sewer Service Contract:

“**Net Revenues**” means, for each Member, such Member’s Gross Revenues, *less* (i) such Member’s Maintenance and Operation Costs and (ii) such Member’s share of

LAVWMA Maintenance and Operation Costs, whether paid directly by such Member or, as in the case of Pleasanton, paid on behalf of Pleasanton by DSRSD.

“Gross Revenues” is defined to mean, for the pertinent period of computation, (a) all Charges, (b) the Regional Capacity Reserve Buy-In Fees, and (c) all receipts derived from the investment of Charges and the Regional Capacity Reserve Buy-In Fees held by such Member (excluding the Rate Stabilization Fund).

“Charges” is defined to mean (i) Regional Service Charges for DSRSD and Pleasanton and (ii) for Livermore, fees, connection fees, tolls, assessments, rates and charges, including user charges prescribed and collected by the City Council of Livermore for the services and facilities of Livermore’s Sewer System furnished by Livermore within its jurisdiction. To provide clarity, the term Charges does not include Pleasanton Local Charges (see “SECURITY FOR THE 2021 BONDS – Rate Covenants”).

“Regional Service Charges” is defined as the service charges described in the Regional Agreement, whether levied and collected by Pleasanton or DSRSD.

“Regional Capacity Reserve Buy-In Fee” is defined as the buy-in component of the regional capacity fee levied by Pleasanton and DSRSD, which is based on a new customer’s share of Regional Facilities that have already been constructed.

“Maintenance and Operation Costs” is defined as follows:

(1) When used with respect to DSRSD and Pleasanton, for any given period for the Regional Facilities, the reasonable and necessary costs of maintaining and operating the Regional Facilities during such period, calculated on sound accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve such facilities in good repair and working order, and reasonable amounts for administration, overhead, insurance, taxes (if any) and other similar costs, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor, debt service (including amounts paid by or on behalf of DSRSD or Pleasanton under the Sewer Service Contract for debt service), amortization of intangibles or other bookkeeping entries of a similar nature. To provide clarity, the term “Maintenance and Operation Costs” does not include Pleasanton Local Maintenance and Operation Costs (see “SECURITY FOR THE 2021 BONDS – Rate Covenants”).

(2) When used with respect to Livermore’s Sewer System, means, for any given period for any given facilities of Livermore’s Sewer System, the reasonable and necessary costs of maintaining and operating such facilities during such period, calculated on sound accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve such facilities in good repair and working order, and reasonable amounts for administration, overhead, insurance, taxes (if any) and other similar costs, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor; debt service (including amounts paid by or on behalf of Livermore under the Sewer Service Contract for debt service), amortization of intangibles or other bookkeeping entries of a similar nature.

“Regional Facilities” is defined to include DSRSD's treatment plant and other facilities that increase the treatment capacity rights or disposal capacity rights of DSRSD or Pleasanton, but does not include facilities owned, provided, or furnished by LAVWMA.

Third, Pleasanton, in its capacity as the largest customer of DSRSD's Sewer System, is only obligated to levy regional charges and fees established by DSRSD (Regional Service Charges, Regional Capacity Reserve Fees and Regional Capacity Reserve Buy-In Fees) and to transfer the amount collected to DSRSD.

Fixed Cost Allocation for Debt Service. The Sewer Service Contract establishes a Fixed Cost Allocation for Debt Service for Livermore and DSRSD as follows:

- (i) for Livermore: (1) 39.95% of Debt Service on Rehabilitation Project Bonds; and (2) 22.52% of Debt Service on Expansion Project Bonds;
- (ii) for DSRSD, for itself and on behalf of Pleasanton, acting under the terms of the Regional Agreement, as defined in this Official Statement, (1) 60.05% of Debt Service on Rehabilitation Project Bonds (of which 23.34% is allocable to DSRSD and 36.71% is allocable to Pleasanton); and (2) 77.48% of Debt Service on Expansion Project Bonds (of which 45.71% is allocable to DSRSD and 31.77% is allocable to Pleasanton).

“Expansion Project Bonds” are Bonds the proceeds of which were applied to the acquisition and construction of the Expansion Project. The amount of Expansion Project Bonds for any Member will be determined, at the time of calculation, by multiplying the principal amount of Expansion Project Bonds then outstanding by the percentage for which a Member is responsible for Debt Service on Expansion Project Bonds, as described above. Of the 2021 Bonds outstanding at any particular time, 69.54% of the principal amount of such 2021 Bonds will be treated as Expansion Project Bonds.

“Rehabilitation Project Bonds” are bonds the proceeds of which were applied to the acquisition and construction of the Rehabilitation Project. The amount of Rehabilitation Project Bonds for any Member will be determined, at the time of calculation, by multiplying the principal amount of Rehabilitation Project Bonds then Outstanding by the percentage for which a Member is responsible for Debt Service on Rehabilitation Project Bonds, as described above. Of the 2021 Bonds outstanding at any particular time, 30.46% of the principal amount of such 2021 Bonds will be treated as Rehabilitation Project Bonds.

Fixed Cost Allocation for Fixed LAVWMA Maintenance and Operation Costs. The Fixed Cost Allocation for Fixed LAVWMA Maintenance and Operation Costs for the Members is as follows: for Livermore, 30.10%; for Pleasanton/DSRSD, 69.90%. These percentages may be modified if any two Members agree to apportion between themselves the total of their Fixed Cost Allocations; subject to the requirement that the Member transferring a Fixed Cost Allocation to another Member will retain its responsibility to pay the percentage share of Fixed Cost Allocation specified above.

Estimated Flows. LAVWMA may ask each Member to submit, not less than 90 days before the beginning of each Fiscal Year, such Member's best estimate of what such Member's Actual Flow will be for such Fiscal Year.

Advance Payment. In consideration of the provision by LAVWMA of the Sewer Service capacity, whether or not such Sewer Service is used, on or before each January 1 and July 1 during the term of the Sewer Service Contract, Livermore and DSRSD, acting for itself and Pleasanton, are obligated to pay to LAVWMA their respective shares of budgeted costs identified in LAVWMA's adopted budget as follows:

(a) From their respective Gross Revenues, total Budgeted Fixed Costs and Budgeted Variable LAVWMA Maintenance and Operation Costs will be paid in two equal amounts on or before each December 1 and June 1.

(b) From their respective Net Revenues, Debt Service due on the Bonds on August 1 of each year will be paid July 1 of each year, and Debt Service due on the Bonds on February 1 of each year will be paid on January 1 of each year.

(d) Livermore and DSRSD will take such action as may be necessary to include all such payments in their respective annual budgets, and will make the necessary annual appropriations for such payments.

(e) Pleasanton agrees to make all payments due to DSRSD under Section 10 of the Regional Agreement within 30 days, and DSRSD agrees to enforce said payment obligation, if needed, and will apply amounts received from Pleasanton pursuant to Section 10 of the Regional Agreement to its payment obligation under the Sewer Service Contract.

"Budgeted Fixed Costs" is defined in the Sewer Service Contract to mean, for any given period, the estimated Fixed Costs for such period as stated in the annual budget for the Enterprise prepared and submitted to Members.

"Fixed Costs" is defined in the Sewer Service Contract to mean, for any given period, the sum of the following amounts:

(1) amounts to be deposited during such period into the Sole Use Replacement Fund, Dual Use Replacement Fund and Joint Use Replacement Fund, as applicable; and

(2) all Fixed LAVWMA Maintenance and Operation Costs.

"Variable LAVWMA Maintenance and Operation Costs" is defined in the Sewer Service Contract as, for any given period for any given facilities of the Enterprise, those LAVWMA Maintenance and Operation Costs incurred during such period for energy used for pumping and for chemicals used in the treatment of Wastewater.

"Budgeted Variable LAVWMA Maintenance and Operation Costs" is defined in the Sewer Service Contract as, for any given period for any given facilities of the Enterprise, the estimated Variable LAVWMA Maintenance and Operation Costs for such period for such facilities as stated in the annual budget for the Enterprise prepared and submitted to Members in accordance with the Sewer Service Contract.

Abatement. The Sewer Service Contract provides that payments of Fixed LAVWMA Maintenance and Operation Costs under the Sewer Service Contract are subject to abatement in

the discretion of the Members during any period in which by reason of any damage or destruction (other than by condemnation, which is provided for separately in the Indenture; see Appendix D) there is a material interruption in the Sewer Service to the Members. **The Members' payments for their Fixed Cost Allocation for Debt Service are not subject to abatement.** Abatement will continue for the period commencing with damage or destruction and ending upon the restoration of Sewer Service by LAVWMA. The proceeds of any insurance covering such damage or destruction are required to be deposited and applied by LAVWMA as provided in the Indenture. See "- Insurance" below.

Under the Sewer Service Contract, LAVWMA covenants, to the extent permitted by law and subject to any limitations resulting from a disruption in pipeline capacity, to accept wastewater of Members notwithstanding any disruption in pipeline capacity and to use its best efforts in the event of any such disruption to undertake alternative and interim methods of storage and disposal of wastewater. See "Risk Factors - Abatement."

Flow of Funds Under the Indenture

LAVWMA covenants in the Indenture to transfer that portion of the LAVWMA Net Revenues which is necessary to pay the principal or Redemption Price of and interest on the Bonds in any Fiscal Year to the Trustee for deposit in the Livermore-Amador Valley Water Management Agency Revenue Fund (the "**Revenue Fund**"). On or before the second day prior to each Interest Payment Date, the Trustee is required to transfer from the Revenue Fund to the Debt Service Fund for the Bonds (the "**Debt Service Fund**") an amount equal to principal (including mandatory sinking fund payments) and interest on the next interest payment date.

Within the Debt Service Fund, the Trustee will establish a "**Redemption Account**." On or before the date on which Bonds are subject to redemption (see "THE 2021 BONDS – Redemption" above) the Treasurer will transfer to the Trustee for deposit in the Redemption Account an amount at least equal to the Redemption Price (excluding accrued interest, which is payable from the Debt Service Fund) of such Bonds to be redeemed on such date. Amounts in the Redemption Account will be applied by the Trustee solely for the purpose of paying the Redemption Price of Bonds to be redeemed pursuant to the Indenture. If after all of the Bonds have been paid or deemed to have been paid, there are moneys remaining in the Redemption Account, such moneys shall be transferred by the Trustee to the Treasurer for deposit in the Revenue Fund.

No Reserve Account

LAVWMA will not fund or maintain a debt service reserve fund for the 2021 Bonds and is not required to fund one in connection with the issuance of any Parity Bonds.

Rate Covenants

The Members covenant under the Sewer Service Contract as follows:

- (a) Livermore agrees to fix, prescribe and collect Charges in connection with its sewer service to its sewer customers during each Fiscal Year so as to yield Member Net Revenues from such Charges in an amount at least equal to 110% of Livermore's obligations to LAVWMA due during such Fiscal Year under the Sewer Service Contract and 100% of amounts owed on other Obligations of Livermore due during such Fiscal Year having a lien on such Member Net Revenues.

(b) DSRSD will determine the amount of the Regional Service Charge pursuant to the Regional Agreement (see “DUBLIN SAN RAMON SERVICES DISTRICT – Regional Agreement” and “- Rates and Charges”) which will produce aggregate Member Net Revenues of DSRSD and Pleasanton during each Fiscal Year in an amount at least equal to 110% of the Rate Covenant Debt Service (defined below) due during such Fiscal Year, and agrees to fix, prescribe and collect Regional Service Charges during such Fiscal Year in connection with sewer service provided to its sewer customers at the levels so determined. In addition, DSRSD agrees that it will not hereafter incur any District Local Obligations (as defined below) secured by or payable from Regional Service Charges.

“District Local Charges” means fees, connection fees, capacity fees, tolls, assessments, rates and charges prescribed and collected by DSRSD for the wastewater collection services and facilities of DSRSD’s Sewer System furnished by the District within its jurisdiction. To provide clarity, the term **“District Local Charges”** does not include the Regional Service Charge or the Regional Capacity Reserve Fee.

“District Local Obligations” means bonds, notes, installment sale agreements or other obligations issued or to be issued by or on behalf of DSRSD, the proceeds of which are applied to finance or refinance improvements or repair to DSRSD’s Sewer System, and payable from District Local Charges.

(c) Pleasanton agrees to fix, prescribe and collect Regional Service Charges during each Fiscal Year at the levels prescribed by DSRSD pursuant to the Regional Agreement. (See “DUBLIN SAN RAMON SERVICES DISTRICT – Regional Agreement.”)

“Pleasanton Local Charges” means fees, connection fees, capacity fees, tolls, assessments, rates and charges prescribed and collected by the City Council of Pleasanton for the wastewater collection services and facilities of Pleasanton’s Sewer System furnished by Pleasanton within its jurisdiction; the term Pleasanton Local Charges does not include the Regional Service Charge or the Regional Capacity Reserve Fee. Similarly, Pleasanton Local Charges are not included in Pleasanton Member Gross Revenues.

“Pleasanton Local Maintenance and Operation Costs” means, for any given period for any given facilities of Pleasanton’s Sewer System, the reasonable and necessary costs of maintaining and operating such facilities during such period, calculated on sound accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve such facilities in good repair and working order, and reasonable amounts for administration, overhead, insurance, taxes (if any) and other similar costs, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor; debt service, amortization of intangibles or other bookkeeping entries of a similar nature. The term Pleasanton Local Maintenance and Operation Costs does not include any portion of LAVWMA Maintenance and Operation Costs.

“Pleasanton Local Obligations” means bonds, notes, installment sale agreements or other obligations issued or to be issued by or on behalf of Pleasanton, the proceeds of which are applied to finance or refinance improvements or repair to Pleasanton’s Sewer System, and payable from Pleasanton Local Charges.

“Rate Covenant Debt Service” is defined to mean (1) Amounts payable by DSRSD, for itself and on behalf of Pleasanton, as the Fixed Cost Allocation for Debt Service; *plus* (2) Debt Service on Obligations of DSRSD that are payable from Charges; *less* the Actual Rate Stabilization Fund Draw; see “- Rate Stabilization Fund” below.

“Regional Capacity Reserve Fees” is defined in the Sewer Service Contract to mean the connection fees described in Section 10(a) of the Regional Agreement, whether levied and collected by Pleasanton or DSRSD. The term Regional Capacity Reserve Fee – which is used to fund expansion of the Regional Facilities -- does not include the Regional Capacity Reserve Buy-In Fee, which is used to fund replacement of the Regional Facilities.

Rate Stabilization Fund

General. A Rate Stabilization Fund is maintained by DSRSD. The amount on deposit in the Rate Stabilization Fund was \$50,361,849 as of June 30, 2021. The importance of the Rate Stabilization Fund is that DSRSD and Pleasanton are obligated to deposit Regional Capacity Reserve Fees in the Rate Stabilization Fund held by DSRSD and that amounts in the Rate Stabilization Fund are available – but not pledged – to pay debt service on the 2021 Bonds (as described in more detail below).

Provisions Governing Rate Stabilization Fund. Generally, in calculating annual debt service for purposes of the rate covenant for DSRSD/Pleasanton, a credit is given for transfers from the Rate Stabilization Fund to pay Expansion Project Debt Service in advance of each Bond Year. See “- Rate Covenants” above. The Sewer Service Contract defines **“Expansion Project Debt Service”** as, for any period, the aggregate of Debt Service due in such period on Expansion Project Bonds (i.e., Bonds issued to finance the LAVWMA Expansion Project).

Although the amounts in the Rate Stabilization Fund, if any, may be used to pay debt service on the Bonds, the Rate Stabilization Fund is not pledged to the Bonds, and amounts in the Rate Stabilization Fund can be used for the purposes described below. Accordingly, there can be no assurance as to the future balances of the Rate Stabilization Fund or whether any amounts on deposit in the Fund will be applied to pay debt service on the Bonds.

Provisions that govern the use of the Rate Stabilization Fund include the following:

(1) All Regional Capacity Reserve Fees, whether collected by DSRSD or collected by Pleasanton and paid to DSRSD, are required to be deposited into the Rate Stabilization Fund.

(2) All amounts in the Rate Stabilization Fund are required to be available to pay the following:

(a) Expansion Project Debt Service (i.e., debt service allocable to the Expansion Project);

(b) Bond Redemptions;

(c) any capital improvements permitted to be paid for from the Regional Capacity Reserve Fees under the Regional Agreement, as well as any reimbursement of replacement reserves and any funds other than Regional

Capacity Reserve Fees which have been deposited therein or which have been advanced by DSRSD (on behalf of itself or Pleasanton) from Regional Service Charges to pay Expansion Project Debt Service; and

(d) any other purpose agreed to between DSRSD and Pleasanton.

(3) DSRSD will attempt to maintain the Rate Stabilization Fund at the Target Level (i.e., two times Maximum Annual Expansion Project Debt Service; see “- Sewer Service Contract” above); provided, that DSRSD is not required to fund the Rate Stabilization Fund from revenues derived from Regional Service Charges assessed on wastewater customers.

(4) Amounts in the Rate Stabilization Fund will be available to pay the items listed in paragraph (2) above; provided that draws on the Rate Stabilization Fund which cause the funds therein to fall below the Target Level are not permitted, except as described below. In the event draws on the Rate Stabilization Fund would cause the Rate Stabilization Fund balance to fall below the Target Level, such draw is limited to pay Expansion Project Debt Service, in an amount equal to the sum of: (i) one-third of the lesser of (a) the Target Level; or (b) the amount then on hand in the Rate Stabilization Fund, plus (ii) the amount then on hand in the Rate Stabilization Fund in excess of the Target Level.

(5) The Rate Stabilization Fund may be depleted and closed if: (i) Expansion Project Debt Service is in fact being paid entirely from Regional Service Charges; or (ii) if all scheduled Expansion Project Debt Service has been paid or provided for.

(6) [The parties to the Sewer Service Contract acknowledge and agree that DSRSD can provide no assurances that amounts will be in the Rate Stabilization Fund to pay DSRSD's share of Expansion Project Debt Service.]

Neither LAVWMA nor the Members can provide any assurance that Regional Capacity Reserve Fees will be sufficient in the future to maintain the Rate Stabilization Fund at the Target Level or to provide sufficient moneys to pay Expansion Project Debt Service.

Other Obligations of the Members' Sewer Systems

The Members may incur in the future Obligations that are payable from Member Net Revenues. The Sewer Service Contract and the Indenture do not limit the amount of such Obligations that the Members may incur. The Members' covenants in the Sewer Service Contract (see “- Rate Covenants”) are intended to ensure that the Members will have sufficient Member Net Revenues to satisfy their obligations under the Sewer Service Contract as well as their other Obligations.

See the subsections entitled “- Outstanding Long-Term Obligations” in the sections entitled “DUBLIN SAN RAMON SERVICES DISTRICT,” “CITY OF PLEASANTON” and “CITY OF LIVERMORE.”

Parity Bonds

In addition to the 2021 Bonds, LAVWMA may, under a Parity Bonds Instrument (defined in the Indenture), issue or incur other loans, advances or indebtedness payable from LAVWMA

Net Revenues (the “**Parity Bonds**”), to provide financing for the LAVWMA Enterprise, in such principal amount as will be determined by LAVWMA. Issuance of Parity Bonds is subject to satisfaction of certain conditions under the Indenture, including the following:

(a) LAVWMA must be in compliance with all covenants set forth in the Indenture, except to the extent any breach of a covenant in the Indenture will be cured by reason of the issuance of the Parity Bonds.

(b) The following coverage tests must be satisfied:

(i) The Member Net Revenues of the “**Regional Members**” (which the Indenture defines as DSRSD and Pleasanton), calculated on sound accounting principles, as shown by the books of the Regional Members for the latest Fiscal Year or any more recent 12-month period selected by the Regional Members ending not more than 90 days prior to the adoption of the legal document pursuant to which such Parity Bonds are issued (the “**Parity Bonds Instrument**”), as shown by the books of the Regional Members, any or all of the items designated in the following clause (iii), must at least equal 110% of the sum of: (1) DSRSD’s (on behalf of itself and Pleasanton) pro rata share of Annual Debt Service for the immediately succeeding Fiscal Year, calculated in accordance with the Sewer Service Contract, with Annual Debt Service calculated on all Bonds to be Outstanding immediately subsequent to the issuance of such Parity Bonds which have a lien on LAVWMA Net Revenues; plus (2) annual debt service for the immediately succeeding Fiscal Year on all Obligations which have a lien on the aggregate Member Net Revenues of the Regional Members; and

(ii) Livermore's Member Net Revenues, calculated on sound accounting principles, as shown by the books of Livermore for the latest Fiscal Year or any more recent 12-month period selected by Livermore ending not more than 90 days prior to the adoption of the Parity Bonds Instrument pursuant to which such Parity Bonds are issued, as shown by the books of Livermore, plus, at the option of Livermore, any or all of the items designated in the following clause (iii), shall at least equal 110% of the sum of: (1) Livermore's pro rata share of Annual Debt Service for the immediately succeeding Fiscal Year, calculated in accordance with the Sewer Service Contract, with Annual Debt Service calculated on all Bonds to be Outstanding immediately subsequent to the issuance of such Parity Bonds which have a lien on LAVWMA Net Revenues; plus (2) annual debt service for the immediately succeeding Fiscal Year on all Obligations which have a lien on Livermore's Member Net Revenues.

(iii) The following items may be added to the Member Net Revenues for the purpose of issuing or incurring Parity Bonds:

(A) an allowance for earnings arising from Member Net Revenues resulting from any increase in the Charges which has become effective prior to the incurring of such Parity Bonds but which, during all or any part of such Fiscal Year or such 12-month period, was not in effect, in an amount equal to the amount by which the Member Net Revenues of such Member would have been increased if such increase in Charges had been in effect during the whole of such Fiscal Year or such 12-month period, all as shown in the written report of an Independent Consultant engaged by the applicable Member;

(B) an allowance for Member Net Revenues of a Member from any additions or improvements to or extensions of the Sewer System of such Member which, during all or any part of the most recent completed Fiscal Year for which audited financial statements are available or for any more recent 12-month period selected by a Member, were not in service, all in an amount equal to 75% of the estimated additional average annual Member Net Revenues of such Member to be derived from such additions, improvements and extensions for the first 36-month period in which each addition, improvement or extension is respectively to be in operation, all as shown by the certificate or opinion of a qualified independent engineer employed by such Member; and

(C) Regional Capacity Reserve Fees collected by the Regional Members, in an amount equal to the greater of: (1) Regional Capacity Reserve Fees collected by the Regional Members in the prior 12 months; or (2) the average annual amount of Regional Capacity Reserve Fees collected by the Regional Members during the prior 36 months.

(iv) For purposes of the calculations made under the Parity Bonds test described above:

(A) Member Net Revenues of the Regional Members will not include any draws made by DSRSD from the Rate Stabilization Fund to pay Debt Service on the Bonds; and

(B) in the event the Parity Bonds are to be issued solely for the purpose of refunding and retiring any Bonds then Outstanding, interest and principal payments on the Bonds to be so refunded and retired from the proceeds of such Parity Bonds being issued will be excluded from the computation of Annual Debt Service.

(c) The Parity Bonds Instrument providing for the issuance of such Parity Bonds must provide that the proceeds of such Parity Bonds will be applied to the acquisition, construction, improvement, financing or refinancing of additional facilities, improvements or extensions of existing facilities within the LAVWMA Enterprise, or otherwise for facilities, improvements or property which LAVWMA determines are of benefit to the Enterprise, or for the purpose of refunding any Bonds in whole or in part, including all costs (including costs of issuing such Parity Bonds and including capitalized interest on such Parity Bonds during any period which LAVWMA deems necessary or advisable) relating thereto;

(d) The Sewer Service Contract will be amended or supplemented, if needed, to provide that one or more of the Members is obligated to pay Debt Service on the Parity Bonds.

Insurance

Under the Indenture, LAVWMA covenants that it will maintain insurance on the LAVWMA Enterprise as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such works or properties. If any useful part of the LAVWMA Enterprise is damaged or destroyed, such part is required to be restored to use. The Net Proceeds of insurance against accident to or destruction of the physical LAVWMA Enterprise will be used for repairing or rebuilding the damaged or destroyed portions of the LAVWMA Enterprise.

THE LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY

General

LAVWMA owns, operates and maintains an export pipeline and related facilities for wastewater disposal that benefit DSRSD, Pleasanton and Livermore. LAVWMA 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 (the “**Joint Powers Agreement**”), among the Members and LAVWMA. The Joint Powers Agreement was executed pursuant to the provisions of Article 4 of the Government Code of the State governing joint exercise of powers agencies (commencing with Section 6584) (the “**Joint Exercise of Powers Act**”). LAVWMA was created for the purpose of providing for the construction, operation, maintenance, repair and replacement of LAVWMA facilities for wastewater disposal to serve the general plans of Livermore and Pleasanton and the general plans of the planning agencies that DSRSD serves. The Joint Powers Agreement may be amended at any time by the written agreement of all the parties. The withdrawal of a Member from LAVWMA is only permitted upon payment in full or defeasance of any revenue bonds or other obligations, such as installment sale agreements or certificates of participation, of LAVWMA. Under the Sewer Service Contract, the Members have covenanted that they will not amend the Joint Powers Agreement so as to materially affect the holders of the Bonds.

The Livermore-Amador Valley is located approximately 30 miles east of the San Francisco Bay. Prior to the late 1960s, the Valley was primarily rural. Around that time, the area began to develop with residential, commercial, and industrial land uses leading to increased demand for wastewater treatment and disposal. In 1974, Livermore, Pleasanton and DSRSD (then known as the Valley Community Services District) formed LAVWMA as a means of developing joint solutions for wastewater disposal needs among the member agencies. On the basis of disposal studies, LAVWMA decided to export wastewater to the EBDA interceptor pipeline for ultimate discharge to San Francisco Bay via a deepwater outfall. The original LAVWMA export pipeline system was constructed in 1979 and upgraded in 1986 and in 2001 to result in a contractual capacity limit of 41.2 mgd, which is sufficient to serve the current planned build out of all three Members.

EBDA Agreement

General. LAVWMA is party to an Amended and Restated Master Agreement, dated July 1, 2021, with EBDA (the “**EBDA Agreement**”). The EBDA Agreement expires on June 30, 2040.

EBDA. EBDA is a joint powers agency comprised of the Cities of Hayward and San Leandro, Oro Lomo Sanitary District, Castro Valley Sanitary District and Union Sanitary District.

EBDA Services. EBDA owns, operates and maintains pump stations and a force main and outfall system (the “**EBDA System**”) extending from central and southern Alameda County to a deepwater discharge into the San Francisco Bay which receives and discharges treated wastewater from EBDA member agencies in compliance with federal and state water quality requirements.

Key Provisions. The EBDA Agreement includes the following provisions:

- LAVWMA is authorized by EBDA to connect its wastewater line to EBDA's System along EBDA's force main north of the Oro Loma Pump Station and south of the Marina Outfall and to discharge its treated wastewater in and through the EBDA force main subject to the provisions, limitations and conditions of the EBDA Agreement.
- LAVWMA has the right to discharge a total of 41.2 mgd PWWF (peak wet weather flow) into the EBDA System, which right consists of Firm Capacity of 19.72 mgd and 21.48 mgd of "Interruptible Capacity." **"Interruptible Capacity"** is defined as the capacity which exceeds LAVWMA's Firm Capacity of 19.72 mgd and which is restricted by the ability of EBDA's Oro Loma Effluent Pump Station to pump the flow from the southern portion of the system (from Union, Hayward, and Oro Loma) against the flow from the northern portion of the system (from LAVWMA and San Leandro) and the tide.
- LAVWMA must provide disposal options for all interruptible flows in accordance with the measures and timetables described in LAVWMA's certified Environmental Impact Report for its Export Expansion Project and in compliance with current and future National Pollutant Discharge Elimination System ("**NPDES**") permits; provided, however, the disposal options must be capable of allowing LAVWMA to immediately interrupt its flow above 19.72 mgd when requested by EBDA and must be fully operational so as to coincide with increases in PWWF of LAVWMA member agencies. LAVWMA's wet weather discharge facilities to San Lorenzo Creek with a permitted capacity of 21.5 mgd fulfill this requirement. See "- Permits and Regulations" below for information about LAVWMA's disposal options.
- In the event that the EBDA System is damaged or destroyed by causes beyond the control or responsibility of EBDA such that LAVWMA flows covered under the EBDA Agreement cannot be accommodated in the EBDA System, EBDA will not be liable to LAVWMA or its member agencies for failure to provide the services. EBDA will use its best efforts to repair its system and restore service within a reasonable time.
- LAVWMA must discharge its wastewater into EBDA's facilities such that its treated wastewater complies with all NPDES permit requirements imposed upon EBDA as well as any NPDES permit requirements imposed directly upon LAVWMA or its member agencies by any regulatory agency. EBDA will perform the dechlorination requirements imposed by both federal and state agencies, and LAVWMA will reimburse EBDA for dechlorination costs.
- Prior to discharging its wastewater into EBDA's force main system, LAVWMA maintains the right to market its wastewater for recycling purposes within EBDA's service area. LAVWMA's water recycling projects are limited to those that are in the corridor of its existing pipeline through EBDA's service area. All flows diverted from the LAVWMA pipeline for recycling purposes within EBDA's contiguous service area will not be deducted from the total reported flow exported from the LAVWMA service area. Recycled flows diverted within either service area will not reduce or increase LAVWMA's capacity allocation in the EBDA System.
- LAVWMA will be responsible for its share of all costs of EBDA, except those costs specifically associated with the Union Effluent Pump Station (UEPS), Hayward Effluent Pump Station (HEPS) and their associated force main sections, including operations, maintenance, administration, studies, reports, and renewal and replacement of equipment including equipment covered by EBDA's Renewal and Replacement Program. The following table lists LAVWMA's payments to EBDA for operation costs over the past five fiscal years.

- LAVWMA is responsible for its share of costs for any capital project that is intended to replace or repair any EBDA facility, except the Alvarado and Hayward Pump Stations and the force main from Alvarado to Oro Loma. LAVWMA expects to meet its obligations from amounts in its Renewal Replacement Fund. The following table lists LAVWMA's payments to EBDA for capital costs over the past five fiscal years.

The following table summarizes payments by LAVWMA to EBDA for operation costs and capital costs during the past five fiscal years.

Table 1
Livermore-Amador Valley Water Management Agency
Payments to EBDA for Operation Costs and Capital Costs
Fiscal Years 2016-17 through 2020-21

	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Estimated Fiscal Year 2020-21
<i>EBDA O&M</i>					
Fixed	\$488,620.28	\$521,829.44	\$442,700.19	\$696,384.86	\$679,331.82
Variable	<u>184,084.51</u>	<u>167,082.19</u>	<u>143,638.05</u>	<u>144,535.96</u>	<u>149,246.08</u>
<i>Total O&M</i>	\$672,704.79	\$688,911.63	\$586,338.24	\$840,920.82	\$828,577.90
<i>EBDA Capital Costs (1)</i>	\$411,248.00	--	--	--	

(1) Represents capital buy-in charges that were paid in full in fiscal year 2016-17.
Source: Livermore-Amador Valley Water Management Agency.

Governance and Management

LAVWMA is governed by a Board of Directors. Each Member appoints two directors. Each director is required to be a member of the governing board of said Member. All directors serve until replaced by the appropriate appointing jurisdiction. The table below lists the current Directors of LAVWMA, together with their affiliation and expiration of term of their positions at their respective member agencies.

LAVWMA Board of Directors

<u>Name</u>	<u>Affiliation</u>	<u>Term Expires</u>
Ann Marie Johnson – Chair	DSRSD, Director	November 2022
Julie Testa – Vice Chair	City of Pleasanton, Council Member	November 2022
Valerie Arkin – Member	City of Pleasanton, Council Member	November 2024
Gina Bonanno – Member	City of Livermore, Council Member	November 2022
Bob Carling – Member	City of Livermore, Council Member	November 2024
Arun Goel – Member	DSRSD, Director	November 2022

Charles V. Weir is the LAVWMA General Manager. Mr. Weir has been with LAVWMA since April 17, 2014, and has over 45 years of experience with management of utility systems.

Carol Atwood is the LAVWMA Treasurer. Ms. Atwood is employed full time by DSRSD as its Financial Services Manager/Treasurer and provides Treasurer services to LAVWMA pursuant to LAVWMA's contract with DSRSD.

Facilities

LAVWMA owns and operates storage, pumping and pipeline facilities for the disposal of wastewater effluent. The wastewater effluent is received from wastewater treatment plants which are owned by Livermore and DSRSD. LAVWMA receives treated wastewater from the Members and does not itself treat wastewater or own or operate any wastewater treatment facilities. Effluent is conveyed through LAVWMA's 16-mile export pipeline (approximately 4 miles of force main and 12 miles of gravity interceptor) from LAVWMA's export pump station located in Pleasanton to the EBDA pipeline in San Leandro where it is ultimately discharged into San Francisco Bay. The existing facilities of LAVWMA have a maximum flow capacity of 41.2 mgd PWWF.

The LAVWMA system receives and transports treated wastewater from the DSRSD Wastewater Treatment Plant and the Livermore Water Reclamation Plant. LAVWMA's storage and pumping facilities are located in Pleasanton. Treated wastewater is stored in three concrete-lined basins with a total capacity of 18 million gallons ("**mg**"). There is 21.9 mg of additional existing storage at the DSRSD Wastewater Treatment Plant and 11 mg at the Livermore Water Reclamation Plant.

The LAVWMA pumping station has 10 vertical turbine pumps, and is designed for 9 pumps to operate simultaneously to convey up to 41.2 mgd to the EBDA pipeline, while the 10th pump is available as a standby. The existing force main section of the LAVWMA pipeline conveys wastewater from the pumping station in Pleasanton to the summit of Dublin Canyon Road in Dublin Canyon. The dual 36-inch-diameter force main piping constitutes the first 4-mile segment of the 16-mile export pipeline. The gravity pipeline extends for approximately 12 miles from the end of the force main through Dublin Canyon, Castro Valley, San Lorenzo and San Leandro and discharges into the EBDA interceptor pipeline, with final disposal in San Francisco Bay. Approximately 2,000 feet before the connection with the EBDA interceptor, LAVWMA has an emergency bypass pipeline that allows discharges to San Lorenzo Creek. The existing emergency bypass facilities have a NPDES permit limit of 21.5 mgd.

LAVWMA is not a member of EBDA, but has a contractual agreement with EBDA for firm disposal capacity rights of 19.72 mgd and interruptible capacity of 21.48 mgd as the EBDA capacity allows, for a total right to discharge 41.2 mgd. See "- EBDA Agreement" above. In conjunction with this disposal capacity, LAVWMA has an NPDES permit for emergency discharge of up to 21.5 mgd of treated and dechlorinated effluent into San Lorenzo Creek during peak wet-weather conditions. See "- Permits and Regulations" below.

Member Influent Limits

The Joint Powers Agreement establishes limits for raw wastewater influent that may be treated by the Members' treatment facilities. These limits total 31.8 mgd average dry weather flow ("**ADWF**"). Further, LAVWMA system capacity during peak wet weather is limited by the Joint Powers Agreement to 41.2 mgd. The raw wastewater ADWF influent limit is allocated as follows: Livermore 11.1 mgd; Pleasanton 10.3 mgd; and DSRSD 10.4 mgd. PWWF capacity is allocated as follows: Livermore 12.4 mgd; Pleasanton 14.4 mgd; and DSRSD 14.4 mgd. Two Members may transfer between them a portion of their influent allocation upon mutual agreement. The influent limit remains in place unless modified by unanimous agreement of the Members.

Service Area

LAVWMA provides wastewater disposal to a service area, which includes the wastewater service areas of DSRSD, Pleasanton and Livermore. Under the Joint Powers Agreement, Members may provide wastewater service only to those areas that now, or in the future, are incorporated within the city limits of Livermore, Pleasanton, and Dublin. DSRSD may provide service to the area within the city limits of San Ramon that DSRSD served as of September 10, 1997, and any area in the Specific Plan for Westside San Ramon (adopted in November 1989) that is subsequently incorporated into the City of San Ramon. DSRSD may also provide service to Camp Parks for governmental uses. Livermore may continue to provide service to the Ruby Hill subdivision in Pleasanton. In addition, the Members may continue to serve unincorporated areas currently served. Furthermore, Livermore may provide wastewater treatment and disposal service to approved uses in the unincorporated Agricultural Enhancement/Rural Management Zone (Zone B), which may be established within the planning area for the North Livermore General Plan Amendment adopted by the Livermore City Council on October 11, 1993, and to the Veterans Administration Hospital property for governmental uses. In the interest of public health and safety, Members may also provide service to unincorporated properties adjoining a city, unless the cumulative amount of proposed service in any one contiguous unincorporated geographic area exceeds 10 residential connections or the equivalent, in which case such service would require unanimous approval of the LAVWMA Board. Except as described above, no Member may provide service to an unincorporated area of Alameda County south of Interstate 580 or to the planning area for the North Livermore General Plan Amendment (except for certain minor exceptions) without unanimous vote of the LAVWMA Board.

LAVWMA Budget

General. Pursuant to the Joint Powers Agreement, each Member is required to provide its share of LAVWMA's annual operating budget including debt service and replacement, fixed operating costs, and variable costs, with cash advances made on a quarterly basis. These obligations are also provided for under the Sewer Service Contract. See "SECURITY FOR THE 2021 BONDS - Sewer Service Contract."

- Debt service and replacement reserve accrual allocations are based on each Member's capacity rights in sole-use, dual-use, and joint-use facilities.
- Operating and maintenance costs are ongoing expenditures for repair, replacement and other costs incurred upon completion of construction of facilities so that the facility can continue to perform the function for which it was designed.
- Fixed operating costs are a function of the facilities constructed and allocations are based on each Member's joint-use PWWF capacity rights and include all operation and maintenance costs except for variable costs.
- Variable operating costs are a function of actual flows discharged to LAVWMA and include costs of chemicals and power. Variable costs are allocated to each Member based on estimated flows.

At the end of each fiscal year and after approval of an audit, cash advances based on estimates of the preceding year will be reconciled with actual costs and actual flows. Surpluses

are reimbursed to Members and deficits cause an additional cash payment to LAVWMA by the Members. See “SECURITY FOR THE 2021 BONDS - Sewer Service Contract.”

The 2021 Bonds are a Limited Obligation of LAVWMA. The 2021 Bonds are special, limited obligations of LAVWMA, and are only secured by a pledge of the portion of LAVWMA Net Revenues that is required to pay principal or Redemption Price of and interest on the 2021 Bonds. LAVWMA’s obligation to pay debt service on the 2021 Bonds is limited to the extent that it receives the Fixed Cost Allocation for Debt Service component of the Payments from the Members and that other Payments from the Members are sufficient to pay LAVWMA Maintenance and Operation Costs; the Fixed Cost Allocation for Debt Service component of the Payments is sized to be equal to the scheduled debt service on the 2021 Bonds (without any coverage). See, however, “SECURITY FOR THE 2021 BONDS – Rate Stabilization Fund” for a discussion of other moneys available to pay debt service on the 2021 Bonds.

Permits and Regulations

General. Livermore and DSRSD each separately own and operate wastewater treatment facilities that discharge fully treated effluent to LAVWMA for pumping and disposal into San Francisco Bay. Pleasanton discharges untreated sewage from its sanitary sewer collection system to DSRSD for treatment and disposal under the terms of the Regional Agreement. During wet weather events, LAVWMA is also permitted to discharge a portion of its flows to San Lorenzo Creek and/or Alamo Creek. LAVWMA is not aware of any environmental or regulatory issues that would adversely impact its ability to pump and properly dispose of wastewater effluent, or the ability of its member entities to treat and properly convey treated wastewater to LAVWMA.

Permitting. LAVWMA’s NPDES permit regulating wet weather discharges was recently approved for renewal effective July 1, 2021. LAVWMA’s new permit expires June 30, 2026. Pleasanton has no related NPDES permit. Livermore and DSRSD recently applied to renew their individual NPDES permits that regulate the operation of their respective wastewater treatment facilities; neither agency requested any changes to their permit status (no changes in flow or wastewater characteristics). The individual NPDES permits issued by the Bay Area Regional Water Quality Control Board (“**RWQCB**”) expire on June 30, 2022. LAVWMA is not aware of any environmental or regulatory issues that would adversely impact the ability of the Members to obtain renewals of their individual discharge permits.

Capacity Rights. Livermore and DSRSD discharge to LAVWMA, and LAVWMA in turn discharges to EBDA via the terms and conditions of the EBDA Agreement. The EBDA Agreement provides for a total of 41.2 mgd of peak flow capacity for LAVWMA, which is further defined as 19.7 mgd of “firm” capacity, and 21.48 mgd of “interruptible” capacity.

The wet weather permit that the RWQCB granted to LAVWMA provides permitted points of discharge into San Lorenzo Creek and Alamo Creek. The outfall into San Lorenzo Creek is permitted during wet weather events when EBDA exercises its right to interrupt a portion of LAVWMA’s discharge flow (i.e., the 21.48 mgd of “interruptible” capacity). The outfall into Alamo Creek is permitted during prolonged wet weather events when all of LAVWMA’s on-site storage capacity is filled. The NPDES permit anticipates a discharge to San Lorenzo Creek approximately once every 1.5 years. There has never been a discharge to Alamo Canal, but the permit anticipates discharges only during storm events of greater than 10-year frequency. The EBDA Agreement expires on June 30, 2040, which coincides with the term of EBDA’s separate Joint Exercise of Powers Agreement. However, the EBDA Agreement allows LAVWMA to continue discharging to EBDA even after the EBDA Agreement expires, as long as LAVWMA continues to

be responsible for its share of EBDA's cost of operations, maintenance, and other costs. The EBDA Agreement may be amended or extended at any time by the written agreement of both parties. LAVWMA is not aware of any environmental or regulatory issues that would adversely impact EBDA's contractual capacity or its ability to provide effluent pumping and disposal.

Wastewater Treatment. The applicable regulatory standards for the effluent discharged to LAVWMA are provided in Section 402 of the Federal Clean Water Act ("**CWA**"), Chapter 5.5, Division 7 of the California Water Code ("**CWC**"), and Article 4, Chapter 4 of the CWC. These regulations incorporate the requirements of the U.S. Environmental Protection Agency in conformance with implementing the CWA. The standards specify water quality sampling frequencies and location, as well as maximum concentrations of chemical constituents, and the regulations are continuously revised and amended.

DSRSD properly disposes of biosolids using a dedicated land disposal site which is covered by a Water Discharge Requirements ("**WDR**") Permit issued by the Bay Area RWQCB. The WDR issued to DSRSD incorporates the requirements of Title 27, Section 20250 of the California Code of Regulations.

Livermore utilizes a contractor to perform biosolids hauling and offsite disposal utilizing an agricultural land application site. Livermore's land application of biosolids is regulated by the State Water Resources Control Board's ("**SWRCB**") adopted Water Quality Order No. 2004-12-DWQ (General Order), which in turn is supported by a statewide Programmatic Environmental Impact Report (PEIR). The General Order incorporates the minimum standards established by 40 CFR Part 503 and expands upon the Federal requirements to fulfill obligations to the California Water Code.

Neither LAVWMA nor the Members are aware of any environmental or regulatory issues that would adversely impact the ability of LAVWMA or the Members to provide adequate wastewater treatment and/or biosolids disposal.

Recycled Water. A significant portion of LAVWMA's flow is being recycled. DSRSD recycles all of its flow during the months of May through October. For calendar year 2020, Livermore recycled 804 mg and DSRSD recycled 1,570 mg for a total of 2,374 mg. Comparing this to the total influent flow of 5,558 mg shows that the LAVWMA agencies recycled 40.3% of their total influent flow. DSRSD and Livermore each independently own and operate recycled water treatment and distribution systems, and a portion of the treated effluent from both wastewater treatment facilities is diverted for recycling throughout the year. Almost all of this recycling is utilized for landscape irrigation, so diversions for recycling are greatest during the dry summer months, and least during the wetter winter months. DSRSD, Livermore, and LAVWMA's use of treated effluent for recycling as described is subject to regulation under the Bay Area RWQCB's General Water Reuse Permit, Section 402 of the CWA, implementing regulations adopted by the United States Environmental Protection Act, the CWC, and regulations promulgated by the California Department of Health Services. On February 3, 2009, the SWRCB adopted a statewide Recycled Water Policy to support increased sustainable local water supplies by increased production and use of recycled water. LAVWMA is not aware of any environmental or regulatory issues related to water recycling that would adversely impact its ability to provide effluent pumping and disposal.

Members' Sewer Systems. Sanitary sewer collection systems are owned and operated by the Members. The collection systems are permitted individually via WDRs issued by the SWRCB. All three Members are subject to the Statewide General Waste Discharge

Requirements For Sanitary Sewer Systems (SSO Reduction Program), which was first adopted in 2006 and is currently under review for updating. Regulatory requirements applicable to the Members' Sewer Systems are contained in or imposed by regulation pursuant to the Federal Water Pollution Control Act, as amended, and the State of California Porter Cologne Water Quality Control Act of 1969, as amended. Both federal and State regulations are administered through the Bay Area RWQCB. Neither LAVWMA nor the Members are aware of any environmental or regulatory issues that would adversely impact the ability of the Members to provide sewer collection service.

Air Emissions Permits. LAVWMA operates a small emergency generator located at the export pump station in Pleasanton, which is permitted by the Bay Area Air Quality Management District (“**BAAQMD**”). Greenhouse gas emissions for LAVWMA are reported annually by DSRSD pursuant to the requirements of the California Air Resources Control Board (“**CARB**”). LAVWMA is not aware of any environmental or regulatory issues that would adversely impact air emissions related to its ability to provide effluent pumping and disposal.

Insurance

LAVWMA currently maintains comprehensive liability, which includes property insurance with a claim limit of \$800 million, from the California Special District Risk Management Authority. LAVWMA carries no earthquake insurance. The Sewer Service Contract does not require any earthquake insurance on LAVWMA facilities. See “RISK FACTORS – Earthquakes, Floods and Other Natural Disasters.”

Employees

LAVWMA has no permanent employees. All of LAVWMA's work is completed by consultants or by contract. LAVWMA facilities are operated and maintained by DSRSD operations and maintenance staff under contract. The contract provides payments of salary, materials, equipment and contract labor as required to operate and maintain facilities.

For information regarding DSRSD employees, see “DUBLIN SAN RAMON SERVICES DISTRICT.”

FINANCIAL INFORMATION ON LAVWMA

Financial Statements

Copies of the most recent audited financial statements of LAVWMA are included in Appendix A (the “**LAVWMA Financial Statements**”). The LAVWMA Financial Statements include a letter from the firm of Maze & Associates (the “**LAVWMA Auditors**”), which concludes that the LAVWMA Financial Statements present fairly, in all material respects, the financial position of LAVWMA as of June 30, 2020 and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles. The LAVWMA Financial Statements attached should be read in their entirety. The LAVWMA Auditors have not reviewed or audited this Official Statement and have not been asked to nor have they consented to the inclusion of the LAVWMA Financial Statements in this Official Statement.

Summary of Historical Operating Results of Members

The following Table 2 shows historical debt service coverage in fiscal years ending June 30, 2016, through June 30, 2020. These results have been derived from the audited financial statements of the Members but exclude certain non-cash items and include certain other adjustments. The table has not been reviewed or audited by the Members' auditors. See "DUBLIN SAN RAMON SERVICES DISTRICT - Financial Information," "CITY OF PLEASANTON - Financial Information" and "CITY OF LIVERMORE - Financial Information" below for a more detailed summary of historical operating results of the Sewer System of each of the Members.

Table 2
DSRSD, Pleasanton and Livermore Sewer Systems
Summary of Historical Debt Service Coverage by Member
Fiscal Year Ended June 30 ⁽¹⁾

	Audited <u>2016</u>	Audited <u>2017</u>	Audited <u>2018</u>	Audited <u>2019</u>	Audited <u>2020</u>
<u>Livermore</u>					
Livermore's Member Net Revenue ⁽²⁾	\$6,195,933	\$6,668,053	\$8,265,982	\$8,647,601	\$9,143,984
Livermore's Share of LAVWMA Debt Service	2,226,815	2,227,440	2,228,136	2,228,251	2,227,893
LAVWMA Debt Service Coverage	2.78x	2.99x	3.71x	3.88x	4.10x
<u>DSRSD/Pleasanton</u>					
<i>Rate Covenant Debt Service Coverage</i>					
DSRSD/Pleasanton Member Net Revenues ⁽³⁾	10,972,710	7,212,417	10,137,703	10,261,212	8,896,307
Rate Covenant Debt Service ⁽⁴⁾	1,463,612	1,464,026	1,464,483	1,464,003	1,464,323
Debt Service Coverage	7.50x	4.93x	6.92x	7.01x	6.08x
<i>Comparison of Regional Capacity Reserve Fees and Expansion Project Debt Service</i>					
Regional Capacity Reserve Fees	16,993,576	8,426,166	13,279,254	10,722,405	4,795,579
Expansion Project Debt Service	5,774,909	5,776,535	5,778,339	5,776,445	5,777,708

(1) Terms in line items are defined in the Sewer Service Contract. See "SECURITY FOR THE 2021 BONDS – Sewer Service Contract".

(2) See Table 23. Reflects Net Revenues remaining after payment of debt service on Livermore's Obligations. See "CITY OF LIVERMORE – Outstanding Long-Term Obligations."

(3) See Table 11. DSRSD's Member Net Revenues do not include Regional Capacity Reserve Fee revenues, which are deposited in the Rate Stabilization Fund held by DSRSD. However, the amount of Rate Covenant Debt Service shown in this table reflects a deduction as a result of the application of Regional Capacity Reserve Fee revenues transferred from the Rate Stabilization Fund to pay Expansion Project Debt Service. See "SECURITY FOR THE 2021 BONDS – Rate Stabilization Fund."

(4) See Table 11.

Source: Livermore-Amador Water Management Agency.

Projected Operating Results and Debt Service Coverage

Estimated projected debt service coverage based on estimated projected Member Net Revenues and Regional Capacity Reserve Fees in fiscal years ending June 30, 2022 through June 30, 2026 is set forth below. The projection reflects certain significant assumptions concerning future events and circumstances. See "DUBLIN SAN RAMON SERVICES DISTRICT - Financial Information," "CITY OF PLEASANTON - Financial Information" and "CITY OF LIVERMORE - Financial Information" below for a more detailed projection of Member Net Revenues and Regional Capacity Reserve Fees for each of the Members.

Table 3
DSRSD, Pleasanton and Livermore Sewer Systems
Summary of Projected Debt Service Coverage by Member
Fiscal Year Ended June 30 ⁽¹⁾

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
<u>Livermore</u>					
Livermore's Member Net Revenue	12,407,520	13,514,861	14,349,983	15,258,499	14,819,878
Livermore's Share of LAVWMA Debt Service*	2,054,936	1,890,130	1,890,241	1,890,965	1,890,826
LAVWMA Debt Service Coverage*	6.04x	7.15x	7.59	8.07x	7.84x
<u>DSRSD/Pleasanton</u>					
<i>Rate Covenant Debt Service Coverage</i>					
DSRSD/Pleasanton Member Net Revenues (2)	\$7,169,856	\$9,400,406	\$7,589,759	\$7,367,526	\$9,040,650
Rate Covenant Debt Service (3)*	1,463,294	1,463,591	1,470,830	1,464,053	1,464,007
Debt Service Coverage*	4.90x	6.42x	5.16x	5.03x	6.18x
<i>Comparison of Regional Capacity Reserve Fees and Expansion Project Debt Service</i>					
Regional Capacity Reserve Fees(4)	5,390,728	8,746,658	5,978,054	3,930,409	7,290,850
Expansion Project Debt Service*	5,773,648	5,774,820	5,803,382	5,776,643	5,776,462

* Preliminary; subject to change. Based on debt service on the 2021 Bonds, based on estimated current market conditions.

(1) Terms in line items are defined in the Sewer Service Contract. See "SECURITY FOR THE 2021 BONDS – Sewer Service Contract".

(2) DSRSD's Member Net Revenues do not include Regional Capacity Reserve Fee revenues, which are deposited in the Rate Stabilization Fund held by DSRSD. Transfers from the Rate Stabilization Fund are based on assumed new connections as described in Tables 12 (DSRSD/Pleasanton) and 24 (Livermore).

(3) Rate Covenant Debt Service is defined in the Sewer Service Contract as (1) amounts payable by DSRSD, for itself and on behalf of Pleasanton, as Fixed Cost Allocation for Debt Service; plus (2) Debt Service on Obligations of DSRSD that are payable from Charges (of which there are currently none); less the Actual Rate Stabilization Fund Draw. The Rate Stabilization Fund is funded from Regional Capacity Reserve Fees.

(4) If the Regional Capacity Reserve Fees are below the Expansion Project Annual Debt Service the District will minimize impacts to rate payers by suspending expansion capital projects and draw from reserves on hand to pay annual debt service on the bonds.

Source: Livermore-Amador Water Management Agency.

Outstanding Long-Term Obligations

LAVWMA currently has no outstanding debt except the 2011 Bonds, which will be defeased and redeemed with proceeds of the 2021 Bonds, as described under the heading "REFUNDING PLAN."

Capital Improvement Program

LAVWMA's capital improvement program consists solely of ongoing renewal and replacement of existing facilities. LAVWMA has no plans to incur additional debt to finance capital improvements.

THE MEMBERS

The Members consist of DSRSD, Livermore and Pleasanton. See Appendix A for the audited financial statements of DSRSD and excerpts of the audited financial statements of Livermore and Pleasanton, which should be read in their entirety. See Appendix B for demographic information on the service area of the Members. See also “DUBLIN SAN RAMON SERVICES DISTRICT,” “CITY OF PLEASANTON” and “CITY OF LIVERMORE” below.

DUBLIN SAN RAMON SERVICES DISTRICT

General

DSRSD is a special district that was established in 1953, under the Community Services District Law, Sections 61000 et seq. of the California Governmental Code. DSRSD’s headquarters are located in the City of Dublin. DSRSD provides:

- Water distribution and wastewater collection, treatment and disposal to residential, commercial and municipal customers in or near the City of Dublin;
- Wastewater collection, treatment and disposal to the residential, commercial and municipal customers in the southern portion of the City of San Ramon; and
- Wastewater treatment and disposal (not collection) service to Pleasanton (see “CITY OF PLEASANTON”).

The relationship between Pleasanton and DSRSD is governed by a number of agreements, including (i) the Regional Agreement; (ii) the Financing Administration Agreement; (iii) the Sewer Service Contract, and such other supplements and amendments as may be made from time to time.

History

DSRSD began in 1953 as the Parks Community Services District. Septic tanks were failing in what was then rural, unincorporated land, and local residents hoped to replace them with a new sewage treatment system. DSRSD, however, did not begin any actual operations until 1960. Early in 1960 a residential development company purchased over 4,000 acres of open land within Alameda and Contra Costa counties. Before allowing the developer to build homes on the property, the two counties required that a public agency be in place to furnish water, sewage treatment, trash collection and fire protection. That year the District was re-organized and authorized to provide these municipal services, and it was given a new name, the Valley Community Services District. By the end of 1960, DSRSD’s water distribution system and temporary sewage treatment facilities began operating. By fall 1961, DSRSD had built a permanent wastewater treatment plant with a 2.5 mgd capacity.

The remainder of the 1960s was a time of great change within the Amador and San Ramon Valleys, and DSRSD adapted its utility systems to the new demands. During this period, DSRSD transferred its water system, in what is now the southern portion of the City of San Ramon, to the East Bay Municipal Utility District and contracted with Pleasanton to treat that city’s sewage. DSRSD negotiated an agreement in 1963 with Zone 7 of the Alameda County Flood Control and Water Conservation District to obtain a supply of groundwater and eventually surface water from the California Water Project, an arrangement that continues to serve DSRSD water customers today.

In 1977, DSRSD adopted the name by which it is known today, the Dublin San Ramon Services District. In 1977, the Alameda County Water District objected to the continued discharge of treated wastewater to Alameda Creek which provides part of the water supply for Fremont, Union City and Newark. In 1979, with other local agencies, DSRSD established its current system of pumping treated wastewater through pipelines operated by LAVWMA and EBDA to San Francisco Bay.

As the community developed, cities incorporated: the City of Dublin was incorporated in 1982, and the City of San Ramon incorporated in 1983. These newly incorporated cities took over garbage collection, fire protection and parks and recreation services from DSRSD. In 1990, the DSRSD Board of Directors reorganized staff, redefined department responsibilities and approved plans for a new administration building. The administration building opened in October 1992, with DSRSD administration services, planning and permitting staff as well as management employees located in one facility.

Governance and Management

DSRSD operates under a Board of Directors - Manager form of government. DSRSD is governed by a five-member governing board. The current directors and the expiration dates of their terms are set forth below.

<u>Board Member</u>	<u>Expiration of Term (November)</u>
Ann Marie Johnson, President	2022
Richard M. Halket, Vice President	2024
Arun Goel, Director	2022
Marisol Rubio, Director	2024
Georgian Vonheeder-Leopold, Director	2022

The following individuals are responsible for day-to-day management of DSRSD:

Daniel McIntyre was appointed General Manager in 2016. Mr. McIntyre has been with DSRSD since 2015, when he was appointed Engineering Services Manager. Mr. McIntyre has over 35 years of prior experience, including 12 years as the Public Works Director for the Livermore. He earned a Bachelor of Science degree in civil engineering from California Polytechnic State University, San Luis Obispo, and a Master of Public Administration degree from California State University, East Bay. He is a licensed professional engineer in California.

Jan Lee was appointed Assistant General Manager in 2020, with 24 years of experience in the public and private sectors. Ms. Lee previously served as the Assistant Director of Public Works and Water Resources Manager for the City of Hayward and as a supervising engineer in the Water Supply Improvements department of the East Bay Municipal Utility District. She has engineering design and planning experience in the private sector. Ms. Lee holds a Bachelor of Science degree in civil and environmental engineering from the University of California, Davis and is a licensed professional engineer.

Carol Atwood was appointed Administrative Services Manager in 2016 and oversees finance, customer services, information technology, and human resources. She has 32 years of experience in municipal finance and three years of government auditing experience. Prior to joining the District, Ms. Atwood served 22 years with the City of Cupertino managing finance,

human resources, information technology, and the city clerk's office. She holds a Bachelor of Science degree in business administration from California State University, East Bay, and has participated in executive education programs at Harvard University's Kennedy School of Government and University of California Berkeley's Goldman School of Public Policy. Ms. Atwood is a certified public accountant in California and Arizona.

Ms. Atwood also serves as the LAVWMA Treasurer. See "THE LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY - Governance and Management."

Jeff Carson was appointed Operations Manager in 2016 and oversees drinking water distribution, recycled water production and distribution, and wastewater collection, treatment, and disposal. Previously he managed operations and maintenance for the City of Hayward's water pollution control facility. He has over 20 years of experience with Bay Area wastewater facilities. Mr. Carson holds Bachelor degrees in biology and environmental studies from California State University, East Bay, and professional certifications in wastewater treatment, laboratory analysis, environmental compliance, and water distribution.

Judy Zavadil was appointed Engineering Services Manager in 2016. She is responsible for planning, permitting, capital improvements, asset management, and clean water and water conservation programs. Previously she was a Principal Engineer and Supervisor of the District's Capital Improvement Program and Asset Management Division. She joined the District in 2007. Ms. Zavadil has 28 years of experience in civil engineering in both the public and private sectors and holds a Bachelor of Science degree in civil engineering from the University of Nebraska, Lincoln. She is a licensed professional engineer in California.

Wastewater Facilities and Capital Program

DSRSD's wastewater system facilities include a regional wastewater treatment facility (the "**DSRSD Treatment Plant**") located within the boundaries of Pleasanton and 186 miles of wastewater collection facilities. DSRSD employs 38 people in the operation and maintenance of the DSRSD Treatment Plant. The DSRSD Treatment Plant currently has a capacity to treat 17.0 mgd of raw sewage, as well as 3.2 mgd of capacity for brine discharges from a permitted groundwater demineralization facility. The current average dry weather flow is approximately 11.5 mgd and peak flow capacity is 74 mgd. Discharges from the DSRSD Treatment Plant are conveyed to San Francisco Bay by LAVWMA using the deep water outfall owned and operated by EBDA. See "THE LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY".

The DSRSD Treatment Plant provides primary and secondary treatment and disinfection for the discharges conveyed by LAVWMA to EBDA for disposal in San Francisco Bay. In addition, some of this flow that would otherwise be discharged is diverted for tertiary treatment via filtration and UV disinfection, and it is then recycled for landscape irrigation and other non-potable uses. Primary treatment is a physical process that removes solids that settle out of the wastewater, as well as floatable materials such as cooking oils and grease. Secondary treatment is a more complex, biological process that uses bacteria to convert dissolved organic matter into suspended matter that settles out and can then be removed and further treated for land disposal. DSRSD's tertiary treatment facility includes an approved (by Regional Water Quality Control Board) sand filtration tertiary treatment with 12.3 mgd capacity and ultraviolet disinfection system approved to be operated at up to 17.6 mgd.

Wastewater Service Area and Customers

DSRSD's wastewater service area, including Pleasanton, totals approximately 47 square miles. DSRSD provides wastewater collection, treatment and disposal service to an area of approximately 25 square miles in the City of Dublin and the southern portion of the City of San Ramon. DSRSD provides wastewater treatment and disposal (not collection) service to an area of approximately 22 square miles in Pleasanton.

The population of DSRSD's service area is currently estimated to be approximately 188,000 (including 78,371 persons in Pleasanton). DSRSD provides wastewater treatment service to 58,875 connections, representing 75,296 DUEs (including 36,793 of those in Pleasanton). DSRSD's total number of direct connections in the cities of Dublin and San Ramon is currently 30,637, representing 38,503 DUEs. DSRSD treats and disposes of wastewater from 28,238 connections in Pleasanton, representing 36,793 DUEs. The tables below show the current number of connections served by the DSRSD wastewater system by classification of user and revenues by class of user.

Table 4
Dublin San Ramon Services District Sewer System
Dwelling Unit Equivalents and Connections
by Classification of User (1)
As of June 30, 2020

	<u>Single Family</u>	<u>Condos</u>	<u>Multi-Family</u>	<u>Commercial/ Institutional</u>	<u>Total</u>
Connections	17,998	6,528	5,205	906	30,637
DUEs	17,996	4,896	3,430	12,181	38,503

(1) As noted above, DSRSD provides wastewater treatment to connections/DUEs in Pleasanton, which are not shown in this table. For corresponding information about Pleasanton, see Table 13.

Source: Dublin San Ramon Services District.

The number of new connections in DSRSD's service area (including Pleasanton) in the last five fiscal years is set forth in the following table.

Table 5
Dublin San Ramon Services District Sewer System
New Connections (in DUEs)
Fiscal Years 2016-17 through 2020-21

<u>Fiscal Year</u>	<u>Connections (in DUEs)</u>
2016-17	1,424
2017-18	907
2018-19	998
2019-20	142
2020-21(1)	362

(1) Estimated.

Source: Dublin San Ramon Services District.

The following table shows, for fiscal years 2015-16 through 2019-20, revenues received by DSRSD as a result of the levy of Regional Service Charges and Regional Capacity Reserve Fees in the service area of DSRSD's Sewer System **including** Pleasanton. The table does not show any revenue attributable to non-regional service charges or connection fees (called capacity reserve fees), which revenue is excluded from the definition of Members' Gross Revenues.

Table 6
Dublin San Ramon Services District Sewer System
Revenues Generated by Regional Charges by Type of Fee and Class of User
Fiscal Years 2015-16 through 2019-20

Fiscal Year	Regional Service Charges DSRSD	Regional Service Charges Pleasanton	Regional Capacity Reserve Fees - DSRSD	Regional Capacity Reserve Buy-In Fees - DSRSD	Regional Capacity Reserve Fees -Pleasanton	Regional Capacity Reserve Buy-In Fees – Pleasanton	Total Charges and Fees	Percentage of Revenues from Residential	Percentage of Revenues from Commercial/Industrial
2016	\$10,297,409	\$9,568,959	\$12,015,251	\$1,836,569	\$4,978,324	\$776,507	\$39,473,019	64%	36%
2017	10,222,476	8,903,679	5,967,608	915,862	2,458,558	403,694	28,871,878	64	36
2018	10,568,739	10,376,878	11,383,929	1,882,382	1,895,325	346,060	36,453,315	69	31
2019	11,270,129	10,187,550	8,756,380	2,041,648	1,966,025	588,539	34,810,273	71	29
2020	9,666,235	11,173,522	4,179,439	1,440,063	582,379	207,502	27,249,140	77	23

Source: Dublin San Ramon Services District and City of Pleasanton.

The table below shows the ten largest users of the DSRSD Sewer System based only on Regional Service Charge revenue during fiscal year 2020-21.

Table 7
Dublin San Ramon Services District Sewer System
Ten Largest Users Based on Regional Service Charges
Fiscal Year 2020-21

<u>User</u>	<u>Regional Service Charge Revenue⁽¹⁾</u>	<u>Percentage of Total Regional Service Charges⁽¹⁾</u>
City of Pleasanton ⁽²⁾	\$11,518,839	49.41%
Alameda County - Santa Rita Jail	844,781	3.62
Bureau of Prisons (FCI)	811,518	3.48
Avalon Bay Communities	137,738	0.59
4800 Tassajara Rd Apt Investor	95,954	0.41
The Groves at Dublin	87,280	0.37
Connolly Station	83,947	0.36
Aster Apartments	78,502	0.34
Shea Properties	76,883	0.33
California Military (Camp Parks)	54,644	0.23
All others ⁽³⁾	<u>9,521,464</u>	<u>40.84</u>
Totals	\$23,311,551	100.00%

(1) Estimated. [TO BE UPDATED PRIOR TO POSTING]

(2) Refer to Table 14 for a list of Pleasanton's ten largest users.

(3) Each individual customer included in "All Others" represents less than 0.5% of total annual billings.

Source: Dublin San Ramon Services District.

The following table sets forth the volume of wastewater collected by the DSRSD Sewer System and pumped to the DSRSD Treatment Plant in the preceding 10 fiscal years.

Table 8
Dublin San Ramon Services District Sewer System
Average Daily Flow

<u>Year</u>	<u>Average Daily Flow (mgd)</u>
2012	11.51
2013	10.84
2014	10.15
2015	9.59
2016	10.41
2017	11.91
2018	11.91
2019	10.41
2020	10.29
2021 ⁽¹⁾	10.51

(1) Estimated.

Source: Dublin San Ramon Services District.

Regional Agreement

DSRSD and Pleasanton are parties to an Agreement for Wastewater Disposal Services, dated November 3, 1992, as supplemented (the “**Regional Agreement**”), which establishes the following relationship between DSRSD and Pleasanton:

- Pleasanton will own and operate its own collection system.
- DSRSD will own and operate its own collection system.
- DSRSD will own and operate “Regional Sewerage Facilities,” including the DSRSD Treatment Plant.
- The parties will charge a uniform regional connection fee for sewer service to be used for the planning, design, acquisition and construction of improvements or expansions to the Regional Sewerage Facilities or the facilities of LAVWMA. This fee has two components: an expansion-related fee is referred to as the “Regional Capacity Reserve Fee” in the Sewer Service Contract and a replacement-related fee is referred to as the Regional Capacity Reserve Buy-In Fee” in the Sewer Service Contract.
- The parties will charge a uniform regional service charge. This charge is referred to as the “Regional Service Charge” in the Sewer Service Contract.
- DSRSD and Pleasanton will each be responsible for levying charges on its customers for its own collection system.
- The agreement has an indefinite term, but each party has the right to terminate the Regional Agreement upon five years’ prior written notice. However, under the Sewer Service Contract, DSRSD and Pleasanton surrender their right to terminate the Regional Agreement until either (i) the 2021 Bonds have been paid or defeased or (ii) the assumption by a new entity of the obligations of DSRSD and Pleasanton under the Sewer Service Contract. DSRSD and Pleasanton have also agreed not to amend the Regional Agreement in any way that would adversely impact the rights of the holders of the 2021 Bonds.
- The parties have the following respective treatment and disposal capacity rights:

Capacity Right

	<u>Pleasanton</u>	<u>DSRSD</u>
Treatment Capacity at DSRSD Treatment Plant	8.5 mgd ADWF	8.5 mgd ADWF
Disposal Capacity, in LAVWMA facilities	14.4 mgd PWWF	14.4 mgd PWWF

Rates and Charges

DSRSD has the power to establish wastewater rates and charges. Its wastewater charges are established by its governing board and are not subject to review or approval by any other agency. DSRSD principally relies on user charges and capacity reserve fees to generate revenues to support its Sewer System. See “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES - Articles XIIC and XIID of the California Constitution.”

Rate Setting Process. DSRSD periodically contracts with a consultant to perform a comprehensive review and analysis of rates. The most recent study was completed in June 2017. The consultant performs an extensive study of sewer rates and industrial waste service charges, and assesses replacement reserves. The consultant prepares a report detailing historical data, goals, and other information including recommendations. Staff reviews the consultant’s reports and makes a recommendation to the Board of Directors to adjust the rates, as necessary.

Rate Collections. DSRSD collects its wastewater user fees by several means. DSRSD collects its sewer user charges for residential customers in the cities of Dublin and San Ramon via the County tax bill; non-residential customers are billed directly by DSRSD. Pleasanton collects regional charges from most customers through its own billing process and collects charges from some customers via the County property tax bill and remits regional receipts to DSRSD on a monthly basis.

Current User Charges. On July 20, 2017, DSRSD's Board of Directors adopted Resolution No. 33-17 to establish the local sewer service charge and the Regional Service Charges, subject to automatic increases each July 1 beginning July 1, 2018 and continuing until July 1, 2022. The local sewer service charge and the Regional Service Charge effective July 1, 2021 are listed in the following table. **It is important to note that only the Regional Service Charge is included in Member Gross Revenues; information about the DSRSD local sewer service charges is provided for information only.**

Customer Class	Billing Unit	Local Sewer Service Charge	Regional Service Charge	Total Sewer Rate
Residential				
Single-family and Townhouse	Fixed; billed bimonthly	\$22.64	\$58.36	\$81.00
Condominium	Fixed; billed bimonthly	17.00	38.83	55.83
Multiple-family	Fixed per dwelling unit; billed bimonthly	14.78	32.48	47.26
Commercial				
Low-less than or equal to 300 mg/L ⁽¹⁾	Per CCF ⁽²⁾	1.21	2.65	3.86
Medium-greater than 300 mg/L and less than or equal to 600 mg/L	Per CCF	1.21	5.32	6.53
High-greater than 600 mg/L ⁽¹⁾	Per CCF	1.20	7.43	8.63
Institutional				
Schools (submetered)	Per CCF	1.20	2.65	3.85
Schools (not submetered)	Per CCF	1.20	2.03	3.23
All Other Institutional	Per CCF	1.20	2.65	3.85
Industrial				
Low-less than or equal to 1,000 mg/L ⁽¹⁾	Per CCF	1.20	9.12	10.32
Medium-greater than 1,000 mg/L and less than or equal to 1,500 mg/L	Per CCF	1.20	11.46	12.66
High-greater than 1,500 mg/L ⁽¹⁾	Per CCF	1.20	13.81	15.01
Septic Haulers	Per Gallon	n/a	0.067	0.067

(1) Strength factor is an average of Bio-Chemical Oxygen (BOD) demand and Total Suspended Solids (TSS).

(2) "CCF" means one hundred cubic feet.

Source: Dublin San Ramon Services District.

The following table lists the current year's, and the last 11 years' local sewer service charge and regional service charges (bimonthly), as of June 30 in the listed years.

Table 9
Dublin San Ramon Services District Sewer System
Historical Bimonthly Sewer Service Charges

Fiscal Year Ended June 30	Local Sewer Rate	Regional Service Charge	Total Sewer Rate
2012	\$10.51	\$47.00	\$57.51
2013	10.51	48.41	58.92
2014	10.83	49.59	60.42
2015	11.36	50.80	62.16
2016	11.64	52.09	63.73
2017	11.64	52.09	63.73
2018	14.14	52.09	66.23
2019	16.64	53.94	70.58
2020	18.64	55.84	74.48
2021	20.64	57.46	78.10
2022	22.64	58.36	81.00

Capacity Reserve Fees. The capacity reserve fee collected by DSRSD as of July 1, 2021, which includes the Regional Capacity Reserve Fee (which DSRSD deposits in the Rate Stabilization Fund) and the Regional Capacity Reserve Buy-In Fee (which is included in DSRSD's Member Gross Revenues), is identified below.

Customer Class	Regional Capacity Reserve Fee	Regional Capacity Reserve Buy-In Fee	Total Capacity Fee
Single Family	\$10,115.14	\$3,746.75	\$13,862.00
Condominium	7,586.11	2,810.06	10,397.00
Apartment	6,676.17	2,472.86	9,150.00

Comparative Rates. The chart below shows the monthly residential wastewater service charges and residential connection fees of other public agencies in surrounding areas to DSRSD.

Table 10
Dublin San Ramon Services District Sewer System
Comparative Monthly Residential Wastewater Service Charges
and Residential Connection Fees
as of July 1, 2021

<u>Public Agency</u>	<u>Monthly Residential Wastewater Service Charge</u>	<u>Residential Connection Fee*</u>
Oro Loma Sanitary District	\$26.50	\$6,919
Union Sanitary District	40.91	9,331
Delta Diablo	\$35.79-49.10	3,940-5,033
City of Livermore	61.88	6,876
City of Pleasanton	13.90	14,159
Dublin San Ramon Services District	40.50	16,169
Central Contra Costa Sanitary District	55.00	8,388
East Bay Municipal Utility District	23.91-28.02	2,810

* Includes the sum of local and regional fees.

Source: Dublin San Ramon Services District.

Delinquencies. DSRSD has not experienced annual uncollected delinquencies for wastewater users exceeding \$10,000 or 0.1% of annual wastewater billings over the last 5 years.

Financial Information

Budgetary Process. DSRSD prepares a two-year operating budget which is reviewed and approved by the Board of Directors. The budget covers all water and sewer operations of DSRSD. In addition to the operating budget, DSRSD also prepares a ten-year capital improvement plan and a one-year improvement budget. The capital improvement plan and budget are prepared annually.

Financial Statements. The most recent audited financial statements of DSRSD (the “**DSRSD Financial Statements**”) are included in Appendix A. The DSRSD Financial Statements include a letter from Maze & Associates (the “**DSRSD Auditor**”), which concludes that the DSRSD Financial Statements present fairly, in all material respects, the financial position of DSRSD as of June 30, 2020 and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles. The DSRSD Financial Statements should be read in their entirety. The DSRSD Auditor has not reviewed or audited this Official Statement and has not been asked to consent nor has it consented to the inclusion of the DSRSD Financial Statements in this Official Statement.

The summary operating results contained under “Summary of Historical Operating Results” are derived from the DSRSD Financial Statements (excluding certain non-cash items and after certain other adjustments) and are qualified in their entirety by reference to such Statements, including the notes thereto. The DSRSD Auditor has not reviewed or audited the summary operating results or any other portion of this Official Statement.

Summary of Historical Operating Results. The following tables are a summary of historical “Net Revenues” for DSRSD and Pleasanton for the fiscal years ending June 30, 2017 through 2020 (audited) and June 30, 2021 (estimated). The audited results have been derived from the DSRSD Financial Statements but exclude certain non-cash items and include certain other adjustments, and are qualified in their entirety by reference to such Statements, including the notes thereto. The tables have not been reviewed or audited by the DSRSD Auditor.

Table 11
Dublin San Ramon Services District and City of Pleasanton
Summary of Historical Net Revenues
Fiscal Year Ended June 30
(Amended and Restated Sewer Service Contract)

	Audited 2017	Audited 2018	Audited 2019	Audited 2020	Estimated 2021
Gross Revenues					
Regional Service Charges (1)	\$19,126,155	\$20,945,618	\$21,457,679	\$22,969,168	\$23,311,552
Connection/Capacity Fees (2)	9,745,722	15,507,697	13,352,592	6,454,759	3,199,457
Less Expansion-Related Capacity Fees (3)	(8,426,166)	(13,279,254)	(10,722,405)	(4,795,579)	(2,344,757)
Interest Income	157,113	367,563	3,624,488	3,399,131	1,015,261
Other Revenue	716,886	894,840	1,009,869	1,120,549	1,213,759
Total Gross Revenues	21,319,710	24,436,464	28,722,223	29,148,028	26,395,272
Maintenance & Operation Costs (4)	14,107,293	14,298,761	18,461,011	20,251,721	18,815,418
Net Revenues	7,212,417	10,137,703	10,261,212	8,896,307	7,579,854
Calculation of Rate Covenant Debt Service					
DSRSD/Pleasanton Share of LAVWMA Debt Service	5,776,535	5,778,339	5,776,445	5,777,708	5,778,068
Less RSF Draw for Expansion-Related LAVWMA Debt	(4,312,509)	(4,313,856)	(4,312,442)	(4,313,385)	(4,313,654)
Rate Covenant Debt Service	1,464,026	1,464,483	1,464,003	1,464,323	1,464,414
Coverage on Rate Covenant Debt Service from Net Revenues (5)	4.93x	6.92x	7.01x	6.08x	5.18x
Net Revenues Available after all Obligations	5,748,391	8,673,220	8,797,209	7,431,984	6,115,440
RSF Beginning Balance	48,274,728	51,284,172	53,110,537	53,260,565	50,361,849
Target Level (6)	8,625,018	8,627,712	8,624,884	8,626,770	8,665,105
RSF Ending Balance	\$51,284,172	\$53,110,537	\$53,260,565	\$50,361,849	\$43,068,624

(1) Includes Regional Service Charges billed by Pleasanton.

(2) Total Regional connection/capacity reserve fees collected by DSRSD and Pleasanton (includes both the Regional Capacity Reserve Fee and the Regional Capacity Reserve Buy-In Fee).

(3) Regional Capacity Reserve Fees -- which are expansion-related capacity fees -- are deposited to the Rate Stabilization Fund and are excluded from Gross Revenues; Regional Capacity Reserve Buy-in Fees -- which are replacement-related capacity fees -- were established in 2009 and are included in Gross Revenues.

(4) Maintenance and operation costs of DSRSD'S Regional funds (including amounts paid to LAVWMA on behalf of Pleasanton) excludes depreciation, non-cash items and debt.

(5) Coverage on Rate Covenant Debt Service is calculated by dividing Net Revenues of DSRSD/Pleasanton by Rate Covenant Debt Service. It is important to note that the "Amount Paid from LAVWMA Surplus" and "Principal Payoff from other reserves" are not included in the definition of Rate Covenant Debt Service.

(6) The term "Target Level" is defined to mean, with respect to amounts on deposit in the Rate Stabilization Fund, an amount that may be equal to up to two times (2.0x) Maximum Annual Expansion Project Debt Service.

Source: Dublin San Ramon Services District.

Projected Operating Results. DSRSD's estimated projected Net Revenues for the fiscal years ending June 30, 2022, through June 30, 2026, are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents DSRSD's estimate of projected financial results based upon its judgment of the probable occurrence of future events. Certain assumptions underlying the forecast are set forth in part in the footnotes to the chart set forth below; in addition, the projections assume (i) a 3% annual increase in sewer rates consistent with DSRSD's adopted rate structure, (ii) average annual growth in the number of connections of 20.0%, (iii) investment earnings on fund balances of 3.0% per year, and (iv) annual expense increases of 3.0%. The increase in connections is based on the existing city master plans, as modified based on developer updates, and assumes the following new connections (in DUEs):

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
DSRSD	479	615	431	229	540
Pleasanton	<u>20</u>	<u>235</u>	<u>745</u>	<u>745</u>	<u>745</u>
Total	499	850	1,176	974	1,285

The assumptions are material in the development of DSRSD's financial projections, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

Table 12
DSRSD Sewer System
Summary of Projected Operating Results
Fiscal Year Ended June 30

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Gross Revenues					
Regional Service Charges (1)	\$22,906,653	\$24,069,190	\$24,410,623	\$25,317,744	\$26,377,999
Connection / Capacity Fees (2)	7,390,959	12,049,448	8,275,214	5,466,715	10,189,087
Less Expansion-Related Capacity Fees (3)	(5,390,728)	(8,746,658)	(5,978,054)	(3,930,409)	(7,290,850)
Interest Income	952,517	857,675	785,721	730,738	757,399
Other Revenue	1,727,900	1,156,873	1,156,873	1,156,873	1,156,873
Total Gross Revenues	27,587,301	29,386,528	28,650,377	28,741,661	31,190,508
Maintenance & Operation Costs (4)(5)	20,417,445	19,986,122	21,060,618	21,374,135	22,149,858
Net Revenues	7,169,856	9,400,406	7,589,759	7,367,526	9,040,650
Calculation of Rate Covenant Debt Service					
DSRSD/Pleasanton Share of LAVWMA Debt Service (5)(6)	5,773,648	5,774,820	5,803,382	5,776,643	5,776,462
Less RSF Draw for Expansion-Related LAVWMA Debt	(4,310,354)	(4,311,229)	(4,332,552)	(4,312,590)	(4,312,455)
Rate Covenant Debt Service	1,463,294	1,463,591	1,470,830	1,464,053	1,464,007
Coverage on Rate Covenant Debt Service from Net Revenues*	4.90x	6.42x	5.16x	5.03x	6.18x
Net Revenues Available after all Obligations*	5,706,562	7,936,815	6,118,929	5,903,473	7,576,643
RSF Beginning Balance (7)	43,068,624	39,214,712	42,484,501	43,468,753	43,086,572
Capacity Fees	5,390,728	8,746,658	5,978,054	3,930,409	7,290,850
Capital Projects	(4,934,286)	(1,165,640)	(661,250)	-	(2,358,000)
Expansion-Portion of Debt	(4,310,354)	(4,311,229)	(4,332,552)	(4,312,590)	(4,312,455)
RSF Ending Balance	39,214,712	42,484,501	43,468,753	43,086,572	43,706,967
Maximum Annual Debt Service-LAV*	4,332,552	4,332,552	4,332,552	4,332,552	4,332,552
Target Level (2x)	\$8,665,105	\$8,665,105	\$8,665,105	\$8,665,105	\$8,665,105

* Preliminary; subject to change. Based on estimated current market conditions.

- (1) Includes Regional Service Charges billed by Pleasanton.
- (2) Total connection/capacity reserve fees (CRF) include both the buy-in and expansion component of the fee.
- (3) Expansion related capacity fees which are deposited to the Rate Stabilization Fund are excluded from Gross Revenues.
- (4) O&M of the District's Regional funds excludes depreciation, non-cash items and debt.
- (5) Includes those amounts paid on behalf of the City of Pleasanton.
- (6) Includes Principal and Interest.
- (7) RSF refers to the Rate Stabilization Fund.

Source: Dublin San Ramon Services District.

Outstanding Long-Term Obligations

As of the date of this Official Statement, DSRSD's Sewer System has no outstanding long-term obligations payable from Regional Service Charges and Regional Capacity Reserve Fees.

Capital Improvement Program

DSRSD's most recent 15-Year capital improvement plan calls for 11 expansion projects totally approximately \$53.3 million, and 24 repair and replacement projects totally \$101 million, over the next 15 years. No major projects are scheduled to be undertaken until fiscal year 2015-16. At this time, DSRSD has no plans to incur additional debt to finance these projects.

Insurance

DSRSD currently maintains comprehensive liability insurance (which includes property damage coverage) from the California Sanitation Risk Management Authority with the pooled layer limit remaining at \$500,000; Munich Reinsurance America reinsures the pool for \$10,000,000 in excess of the Pooled Layer. Berkley Insurance Company provides \$5,000,000 in excess of the \$10,500,000 along with Great American Excess & Surplus Insurance Company and Allied World Assurance Company, who provide \$10,000,000 in shared limits excess of the Memorandum of Coverage and Berkley layer of \$15,500,000. The total annual pool aggregate is \$40,000,000. DSRSD does not carry earthquake insurance.

Employees

DSRSD has 131 employees, of which 126 are represented by four bargaining groups and 2.18 full-time equivalent employees are contracted to serve LAVWMA; three of the four memoranda of understanding (MOU) expire in December 2021. DSRSD has not had any work stoppages by its employees in many years. For information regarding pension plans for DSRSD employees, see Appendix A attached hereto.

CITY OF PLEASANTON

Introduction

Pleasanton is a participant in the 2021 Bond financing only in its capacity as the largest customer of DSRSD's Sewer System. In that capacity, Pleasanton is only obligated under the Sewer Service Contract to levy regional charges and fees established by DSRSD (Regional Service Charges, Regional Capacity Reserve Fees and Regional Capacity Reserve Buy-In Fees) and to transfer the amount collected to DSRSD. Consequently, the information in this section of the Official Statement relating to Pleasanton's local Sewer System is for background information only; the revenues and expenses of Pleasanton's local Sewer System are not incorporated in the definition of Pleasanton's Member Net Revenues.

General

Pleasanton is a general law city incorporated in 1894. Pleasanton is located in south central Alameda County in the Livermore-Amador Valley (called the Tri-Valley area, which contains the cities of Pleasanton, Livermore, Dublin and San Ramon), approximately 40 miles southeast of San Francisco and 25 miles southeast of Oakland. Pleasanton comprises an area of approximately 24 square miles and has an estimated population of 78,371 as of January 2021.

Pleasanton's elevation is approximately 335 feet above sea level. The mean temperatures for January and July are 42 degrees and 72 degrees, respectively. Rainfall averages 17 inches per year.

Since its incorporation in 1894, Pleasanton has grown from a small rural community with an agricultural base to a medium-sized suburban community with a diverse economic base.

Governance and Management

Pleasanton operates under a City Council/City Manager form of government. Pleasanton is governed by a five-member governing board. The current members of the City Council and the expiration dates of their terms are set forth below.

<u>Council Member</u>	<u>Expiration of Term</u>
Karla Brown, Mayor	November 2022
Julie Testa, Vice Mayor	November 2022
Valerie Arkin	November 2024
Jack Balch	November 2024
Kathy Narum	November 2022

The City Council appoints a City Manager who manages and administers the daily affairs of the City. The City Manager is Nelson Fialho. Mr. Fialho has been with Pleasanton for a total of 25 years; as Deputy City Manager for 8 years and City Manager for 17 years. Mr. Fialho has approximately 30 years of experience in city management, also working in the California cities of Hayward, San Dimas and Campbell. Mr. Fialho has a Master's Degree in Public Administration.

Kathleen Yurchak has been with Pleasanton since 2007 and has served as the Director of Operations and Water Utilities since December 2015. Ms. Yurchak has been in local government for 26 years and has experience in the fields of recreation, public works and administrative services. She worked for the cities of Sunnyvale and Milpitas, prior to joining Pleasanton. Ms. Yurchak will obtain her Master's Degree in Management and Leadership in August 2021.

Tina Olson is the Director of Finance and has been with Pleasanton in that role since 2015. Ms. Olson has over 30 years of experience in local government finance including working for the cities of Pittsburg and San Francisco. Ms. Olson has a Masters Degree in Public Administration.

Wastewater Facilities

Pleasanton's Sewer Division is responsible for implementing and managing Pleasanton's Sewer System through its Sanitary Sewer Management Plan. The Sewer Division employs seven people in the operation and maintenance of the Sewer System.

Since 1980, the Sewer System has been collecting most of the wastewater and sewage in Pleasanton and transporting it to DSRSD for treatment and ultimate disposal through LAVWMA's pipeline to EBDA. See "DUBLIN SAN RAMON SERVICES DISTRICT" and "THE LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY." The wastewater from Pleasanton's Ruby Hills Country Club area (873 DUEs as of June 30, 2020) is collected by Pleasanton and transported to Livermore for treatment. Pursuant to an Agreement for Wastewater and Disposal Services dated September 13, 1993 (i) Livermore provides treatment and disposal of wastewater from the Ruby Hills area, (ii) Pleasanton levies connection fees and basic service charges established by Livermore (in addition to Pleasanton's local fees/charges) and (iii) Pleasanton transmits quarterly to Livermore the amounts collected as a result of the levy of the connection fees/service charges. The Sewer System consists of more than 247 miles of pipeline ranging from 6 to 36 inches in diameter and 11 sewage lift stations.

Wastewater Service Area and Customers

Pleasanton's Sewer System provides services for the collection and disposal (through DSRSD) of wastewater to an area of approximately 24 square miles serving a population of approximately 80,617 as of January 1, 2021. The Sewer System collected wastewater from 36,793 DUEs as of June 30, 2020. Pleasanton's aggregate wastewater flow averages 6 mgd with a peak of approximately 7.5 mgd.

The tables below show the number of DUEs and connections served by Pleasanton's Sewer System as of June 30, 2020 by classification of user and revenues by class of user.

Table 13
Pleasanton Sewer System
Number of Dwelling Unit Equivalents and Connections
by Classification of User
As of June 30, 2020

	Single Family	Condominiums	Multiple-Family Residential	Commercial/Institutional	Total
Connections	19,608	1,806	5,792	1,032	28,238
DUEs	18,781	1,806	3,917	12,289	36,793

(1) Includes 849 residential DUEs/connections in the Ruby Hills area.

(2) Includes 3 commercial DUEs/connections in the Ruby Hills area.

Source: City of Pleasanton

The table below shows the 10 largest users of the Sewer System during fiscal year 2020-21 based on Regional Service Charges only.

Table 14
Pleasanton Sewer System
Ten Largest Users
Fiscal Year 2020-21

<u>User</u>	<u>User Type</u>	<u>Fees and Charges⁽¹⁾</u>	<u>Percent of Total⁽¹⁾</u>
Continuing Life Communities	Multifamily Residential	\$67,880	1.38%
Stoneridge Residential, LLC	Multifamily Residential	57,574	1.17
Las Positas GHOA	Multifamily Residential	43,033	0.87
Avalonbay Communities, Inc	Multifamily Residential	38,468	0.78
Stoneridge HOA, INC	Irrigation	38,067	0.77
Archstone Communities	Multifamily Residential	37,681	0.77
Essex Management Corp	Commercial	36,695	0.75
CP IV Vintage LLC	Multifamily Residential	31,013	0.63
GS Spring House LLC	Multifamily Residential	29,853	0.61
Canyon Meadows of Pleasanton	Multifamily Residential	<u>27,028</u>	<u>0.55</u>
Total		\$407,293	8.28%

(1) Unaudited

Source: City of Pleasanton

Rates and Charges

Pleasanton has the power to establish its local wastewater rates and charges. The local wastewater charges established by Pleasanton are not subject to review or approval by any other agency. See “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES – Articles XIIC and XIID of the California Constitution.” The City recovers the cost of its Sewer System operation, maintenance and replacement, and capital expansion through a user fee system involving service fees and connection charges. The user fees currently imposed by Pleasanton are based on two components: (1) a local component (for collection), and (2) the Regional Service Charge (for treatment and disposal, which rate is set by DSRSD). Pleasanton’s current rate structure has been in effect since July 1, 2016.

Rate Setting Process. Pleasanton has adopted a financial policy that provides for a review of user fees at least every two years based on budgeted and projected maintenance, operation, and capital costs of wastewater collection, treatment and disposal service. The focus of the periodic wastewater rate review is to set these charges at a level that fully supports the total direct and indirect cost of the service that Pleasanton provides to its residents all in accordance with Pleasanton’s fee policy. The fee policy assures that Pleasanton’s Sewer System continues to be financially self-sufficient, maintains adequate reserves, and adequately funds capital replacement and improvement projects.

Rate Collections. Billing for wastewater and sewer services takes place bimonthly. Most customers are billed by the City Utility Billing Division and some of the accounts are billed via the County property tax bill.

Current Service Charges. Pleasanton’s current service charge structure was established by Resolution 15-796, adopted by the City Council on October 6, 2015. The residential bimonthly rate for wastewater and sewer service is \$85.26, consisting of a \$57.46 Regional Service Charge

and \$27.80 local service charge¹. The bimonthly commercial rate for wastewater collection and treatment service varies amongst different types of businesses and is based on flow per CCF. For the subsequent five fiscal years after the 2015 rate adoption, the rates increased or decreased annually, on an automatic basis, without further City Council action, based on (i) the change in consumer price index as applied to local sewer rates and charges imposed by Pleasanton beginning July 1, 2016 and (b) the change in regional treatment rates charged to the City by DSRSD beginning April 18, 2011 and Livermore, beginning October 3, 2017.

Pleasanton's wastewater service charges currently in effect by customer type are listed below.

**City of Pleasanton Sewer System
Bimonthly Service Charges as of July 1, 2020**

<u>Customer Type</u>	<u>Local Service Charge</u>	<u>Regional Service Charge</u>	<u>Total</u>
Residential			
Single Family & Townhomes	\$27.80	\$57.46	\$85.26
Condominiums	19.08	38.23	57.31
Multiple Family	14.54	31.98	46.52
Commercial (Cost/100 cubic feet of wastewater discharge)			
Auto Steam Cleaning	1.560	2.61	4.17
Bakeries	1.550	7.32	8.87
Commercial Laundries	1.560	2.61	4.17
Groceries	1.500	7.32	8.82
Mortuaries	1.820	2.61	4.43
Restaurant - Diner	1.460	5.24	6.70
All Others	1.320	2.61	3.93
Fast Food Restaurants	1.460	5.24	6.70
Schools	1.270	2.61	3.88

Source: City of Pleasanton

Current Connection Charges. Regional capacity fees – which include the Regional Capacity Reserve Buy-In Fees and the Regional Capacity Reserve Fees – for the DSRSD sewage treatment facilities are currently \$14,203 per single-family dwelling unit equivalent. In addition, local connection fees for Pleasanton's collection and conveyance facilities are currently \$500 per single-family dwelling unit equivalent. See "DUBLIN SAN RAMON SERVICES DISTRICT – Rates and Charges" for additional detail.

Comparative Rates. For comparative rate information, see "DUBLIN SAN RAMON SERVICES DISTRICT – Rates and Charges – Comparative Rates."

Delinquencies. Pleasanton has not experienced annual uncollected delinquencies for wastewater users exceeding \$25,000, or 0.5%, of billable service over the last four years.

¹ The City of Pleasanton reduced sewer rates for Ruby Hill customers by 10 percent since those customers pay both Pleasanton and Livermore sewer rates based on the sewer collection and treatment services performed by both cities.

Financial Information

Budgetary Process. The operating budget takes the form of a two-year financial plan which is adopted in its entirety by the City Council. The operating budget is presented on a program basis, with an emphasis on matching services with the cost of providing those services. A mid-period review is conducted and appropriations are adjusted accordingly. The operating budget is subject to supplemental appropriations throughout its term in order to provide flexibility to meet changing needs and conditions.

Financial Statements. Excerpts of the most recent audited financial statements of Pleasanton (the “**Pleasanton Financial Statements**”) are included in Appendix A of this Official Statement. The Pleasanton Financial Statements include a letter from Maze & Associates (the “**Pleasanton Auditor**”), which concludes that the Pleasanton Financial Statements present fairly, in all material respects, the financial position of the City as of June 30, 2020 and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles. The excerpts from the Pleasanton Financial Statements should be read in their entirety. The Pleasanton Auditor has not reviewed or audited this Official Statement and has not been asked to consent nor has it consented to the inclusion of the Pleasanton Financial Statements in this Official Statement.

The summary operating results contained under “Summary of Historical Operating Results” are derived from the Pleasanton Financial Statements (excluding certain non-cash items and after certain other adjustments) and are qualified in their entirety by reference to such statements, including the notes thereto.

Summary of Historical Operating Results. The following table is a summary of operating results of Pleasanton's Sewer System for the fiscal years ending June 30, 2017 through 2021. The audited results have been derived from the Pleasanton Financial Statements but exclude certain non-cash items and include certain other adjustments, and are qualified in their entirety by reference to such statements, including the notes thereto.

The following table is provided to give investors a picture of the financial results of Pleasanton's local Sewer System over the past five fiscal years. However, it is important to note that the term Member Net Revenues under the Sewer Service Contract only includes revenue received by Pleasanton from the Regional Service Charge and the Regional Capacity Reserve Buy-In Fee and, upon collection of Regional Capacity Reserve Fees, Pleasanton is only obligated to transfer them to DSRSD. These amounts are identified in Tables 6 and 11.

Table 15
Pleasanton Sewer System (Local System Only)
Summary of Historical Operating Results
Fiscal Year Ended June 30

	Audited 2017	Audited 2018	Audited 2019	Audited 2020	Estimated 20 21
Gross Revenues					
Local Charges for Service (1)	\$5,224,476	\$4,554,808	4,607,689	\$4,723,229	\$5,250,000
Local Connection Fees (2)	253,200	110,449	72,385	43,661	158,182
Interest Earnings	201,944	255,821	403,781	535,814	110,000
Miscellaneous Revenues (3)	66,973	110,723	66,213	66,480	37,500
Total Gross Revenues	5,746,593	5,031,801	5,150,068	5,369,184	5,555,682
Local Maintenance & Operation Costs (4)	(2,946,850)	(3,327,887)	(2,952,973)	(3,076,422)	(3,410,438)
Net Revenues	2,799,742	1,703,914	2,197,095	2,292,762	2,145,244
Pleasanton Obligations (5)	-	-	-	-	-
Transfers					
Annual Repair & Replacement Funding	(1,200,000)	(1,200,000)	(1,200,000)	(500,000)	(2,299,000)
Local Connection Fees to Expansion Fund	(253,200)	(110,449)	(72,385)	(43,661)	(158,182)
Net Revenues Available after all Obligations and Transfers	1,346,543	\$393,465	\$924,710	\$1,749,101	\$(311,938)

(1) Includes only local service charges collected in Pleasanton's service area.

(2) Includes only local connection fees collected in Pleasanton's service area. Pleasanton sends Regional Capacity Reserve Fees received by Pleasanton to DSRSD.

(3) Miscellaneous Revenues are audited estimates adjusted to exclude revenues associated with the disposal of fixed assets in non-operating funds and equity interest in joint ventures. Interfund transfers-in are included in miscellaneous revenues.

(4) Excludes depreciation and certain other amounts (expenses related to non-operating funds). See "SECURITY FOR THE 2021 BONDS."

(5) Pleasanton's Sewer Fund has no outstanding long-term debt obligations.

Source: City of Pleasanton

Projected Operating Results and Debt Service Coverage. Pleasanton's estimated projected operating results for its local Sewer System for the fiscal years ending June 30, 2022 through June 30, 2026 are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents Pleasanton's estimate of projected financial results based upon its judgment of the probable occurrence of future events. Certain assumptions underlying the forecast are set forth in part in the footnotes to the chart set forth below; in addition, the forecast assumes the following total number of connections during the years shown in the table:

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Pleasanton	28,408	28,493	28,578	28,664	28,750

The assumptions are material in the development of Pleasanton's financial projections, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

The following table is provided to give investors a forecast of the financial results of Pleasanton's Sewer System over the next five fiscal years. However, it is important to note that the term Member Net Revenues under the Sewer Service Contract only includes revenue received by Pleasanton from the Regional Service Charge and the Regional Capacity Reserve Buy-in Fee, and, upon collection of Regional Capacity Reserve Fees, Pleasanton is only obligated to transfer them to DSRSD. See Table 12 for DSRSD's estimated projected revenues from Regional Service Charges, Regional Capacity Reserve Buy-in Fees and Regional Capacity Reserve Fees.

Table 16
Pleasanton Sewer System (Local System Only)
Summary of Projected Operating Results
Fiscal Year Ended June 30

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Gross Revenues					
Local Charges for Service (1)	\$5,350,000	\$5,400,000	\$5,562,000	\$5,729,000	\$5,901,000
Local Connection Fees (2)	77,256	159,277	40,000	41,200	42,436
Interest Income (3)	140,000	150,000	94,000	87,000	87,000
Miscellaneous Revenues (4)	37,500	37,500	37,500	37,500	37,500
Total Gross Revenues	5,604,756	5,746,777	5,733,500	5,894,700	6,067,936
Maintenance & Operation Costs (5)	4,242,425	4,378,350	4,510,000	4,645,000	4,784,000
Net Revenues	1,362,331	1,368,427	1,223,500	1,249,700	1,283,936
Pleasanton Obligations (6)	-	-	-	-	-
Transfers					
Annual Repair & Replacement Funding (7)	2,528,953	2,374,277	1,350,000	1,368,000	1,386,000
Local Connection Fees to Expansion Fund	77,256	159,277	40,000	41,200	42,436
Net Revenues Available after all Obligations and Transfers (8)	(\$1,243,878)	(\$1,165,127)	(\$166,500)	(\$159,500)	(\$144,500)

- (1) Includes only local service charges collected in Pleasanton's service area.
- (2) Includes only local connection fees collected in Pleasanton's service area. Pleasanton sends Regional Capacity Reserve Fees received by Pleasanton to DSRSD.
- (3) Interest income projections were prepared by the City of Pleasanton staff based upon projected fund balances through fiscal year 2026.
- (4) Miscellaneous revenues are projected as an average of historical miscellaneous revenues from fiscal years 2015-16 through 2020-21.
- (5) Maintenance & Operation Costs were projected based on fiscal year 2021-22 and 2022-23 budgets and a growth factor of 3% per annum. Rates would ultimately be set to cover actual needs.
- (6) Pleasanton's Sewer Fund has no long-term debt.
- (7) Includes transfers out to the Sewer CIP Fund and Repair and Replacement allocations.
- (8) Negative balances are funded from reserves. The sewer Fund has reserves that are intentionally used to fund capital projects.

Source: City of Pleasanton.

Outstanding Long-Term Debt Obligations

As of the date of this Official Statement, Pleasanton has no outstanding long-term debt obligations for its wastewater system.

Capital Improvement Program

Pleasanton adopted a capital improvement plan for its Sewer System through fiscal year 2024-25 (the “**Pleasanton CIP**”). The Pleasanton CIP calls for a number of capital projects but Pleasanton has no plans to incur additional indebtedness to finance those projects.

Insurance

Pleasanton participates in the Bay Cities Joint Powers Insurance Authority (the “**Insurance Authority**”) and the California Affiliated Risk Management Authority for its general comprehensive liability insurance (which includes coverage for property damage) for claims between \$250,000 and \$29,000,000. Similarly, employment practices liability claims between \$75,000 and \$1,000,000 are covered through the Employment Risk Management Authority and claims between \$1,000,000 and \$3,000,000 through Lloyds of London-Beazley.

Pleasanton is self-insured for workers’ compensation liability. Pleasanton has established a liability insurance reserve and a workers’ compensation reserve to account for and finance Pleasanton’s liability insurance premiums and the deductible portion of any claims.

Employees

Pleasanton has 10 full-time employees employed in its Sewer Division. Nine of these employees are represented by the Pleasanton City Employees Association, whose contract expires on March 31, 2022. Pleasanton has not had any work stoppages by its employees in recent years.

For information regarding pension plans for Pleasanton’s employees, see Appendix A attached.

CITY OF LIVERMORE

General

Livermore is a general law city founded in 1869 and incorporated in 1876. Livermore is located in Alameda County on the eastern edge of the Livermore-Amador Valley (called the Tri-Valley area, which contains the cities of Pleasanton, Livermore, Dublin and San Ramon), approximately 50 miles southeast of San Francisco and 30 miles southeast of Oakland. Livermore comprises an area of approximately 22.57 square miles of the 413 square miles in the valley, with a reported population of 91,216, as of January 1, 2021 based on the State Department of Finance.

Livermore is accessible by Interstates 580 and 680 which provide easy access to residents, commuters and travelers to and from the Central Valley and the San Francisco Bay metropolitan area.

Livermore’s elevation is approximately 390 feet above sea level at the municipal airport terminal. The mean temperatures for January and July are 37 degrees and 88 degrees, respectively. Rainfall averages 14.4 inches per year.

Livermore is a modern suburban community whose roots go back to 1835 when an English sailor, by the name of Robert Livermore, settled the community and founded Rancho Las Positas,

a cattle ranch that is encompassed by much of the present day city. In its early days, the area now known as the Livermore-Amador Valley had traditionally been a ranching and agricultural community. Today, Livermore is still surrounded by vineyards and ranches; growing from a shipping processing point for valley produce, including cattle, and particularly dry white wines, to a growing center for high tech industry and a destination for visitors seeking a relaxing visit to one of many local wineries.

The establishment in 1952 of the Lawrence Radiation Laboratory (renamed Lawrence Livermore Laboratory in 1971 and Lawrence Livermore National Laboratory in 1979) by the University of California spurred Livermore's technological growth in the fields of atomic ordnance, nuclear research and medicine. Today, Lawrence Livermore National Laboratory is the largest employer in Livermore employing over 6,500 people.

Governance and Management

Livermore operates under a City Council/City Manager form of government. Livermore is governed by a five-member governing board. The current members of the City Council and the expiration dates of their terms are set forth below.

<u>Council Member</u>	<u>Expiration of Term</u>
Bob Woerner, Mayor	November 2022
Trish Munro, Vice Mayor	November 2022
Gina Bonanno, Council Member	November 2022
Bob Carling, Council Member	November 2024
Brittini Kiick, Council Member	November 2024

The City Council appoints a City Manager who manages and administers the daily affairs of Livermore under guidelines of the City Council. The City Manager is Marc Roberts. Scott Lanphier is the Director of Public Works.

Marc Roberts was appointed to the position of City Manager for the City of Livermore in January 2012. Mr. Roberts has worked for the City of Livermore since 1987, including twelve years as Community Development Director. He has played a key role in several important projects for Livermore. Mr. Roberts was the project manager for the development of the South Livermore Valley Specific Plan, a program that helped revitalize Livermore's wine country, which won a national planning award. He also was the program manager for the City's Permit Streamlining program that resulted in the development of the City's One-Stop Permit Center in 1997. As the Community Development Director, Mr. Roberts led the team that wrote and implemented the Downtown Specific Plan, a plan that transformed Livermore's Downtown through dozens of coordinated private and public projects.

Prior to working for Livermore, Mr. Roberts worked for the Town of Tiburon as a Planner. Mr. Roberts holds a Bachelor of Science degree with honors in Landscape Architecture from UC Davis and a Master of Business Administration degree from UC Berkeley.

Scott Lanphier received his Bachelor of Science degree in Civil Engineering from the University of Colorado in 1991. He began his career in the traffic and transportation industry working for several private firms in the Sacramento area. In 1998, he joined state service with Caltrans, District 3 and worked to assist public agencies with federal and state grants for surface transportation projects. In 2003 he opened his own traffic engineering practice in Marysville, California. In 2005, he returned to Caltrans to continue helping agencies process federal and state

grant funds. In 2010, Mr. Lanphier joined Parsons Brinkerhoff (now WSB) as a senior engineering manager, developing the Sacramento area transportation sector. In 2013, Mr. Lanphier accepted a position as Public Works Director for the County of Colusa. During his tenure there, his duties including serving as the County Engineer, Executive Director of the Colusa County Transportation Commission, Floodplain Administrator, and Road Commissioner. In 2019, Mr. Lanphier joined the leadership team in the City of Livermore as the Director of Public Works. Mr. Lanphier currently oversees over 100 staff, and four divisions including Water Resources, Airport, Maintenance and Environmental.

Wastewater Facilities

Livermore's Water Resources Division ("**LWRD**") is responsible for implementing and managing Livermore's Sewer System. The Sewer System treats all of the wastewater and sewage in Livermore at its Livermore Water Resources Plant ("**LWRP**") and then sends the treated wastewater (which is not reclaimed for reuse) to the LAVWMA pipeline for transmission to EBDA for discharge into the San Francisco Bay. See "THE LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY".

LWRD employs 35 people in the operation and maintenance of the LWRP, which has the processing capacity to treat 8.5 mgd of wastewater and sewage. See Table 20, below, for the historical volume of wastewater pumped to the LWRP. Livermore expects to expand the capacity of the LWRP to accommodate the build-out of the Livermore General Plan (and is permitted under its NPDES permit to do so, see "-Wastewater Permits, Licenses and Other Regulations" below) in the future, but has no immediate plans to do so based on current levels of development in Livermore.

LWRD provides primary, secondary, and tertiary treatment processes common to most modern wastewater treatment facilities, and recycles more than 40% of its flow during peak irrigation season.

Wastewater Permits, Licenses and Other Regulations

Livermore's Sewer System operates under an NPDES permit from RWQCB. This permit provides for treatment and disposal of up to 8.5 mgd average dry weather flow (12.4 mgd peak wet weather flow) of treated wastewater through the LAVWMA facilities and EBDA pipeline and into San Francisco Bay. The NPDES permit would allow an expansion to 11.1 mgd average dry weather flow. There have been no recent compliance issues with respect to this permit.

Wastewater Service Area and Customers

The area served by the Sewer System consists of approximately 14,500 net acres of sewered area, including approximately 39,024 DUEs. The population of Livermore's Sewer System service area is currently estimated to be 91,216 as of January 1, 2021, with total connections currently at 33,472.

The tables below show the current number of DUEs and connections served by the Sewer System by classification of user and revenues by class of user.

Table 17
Livermore Sewer System
Number of Dwelling Unit Equivalents and Connections
by Classification of User
As of June 30, 2019 and June 30, 2020

<u>User Type</u>	Flow/Volume	2018-19		Flow/Volume	2019-20	
	<u>in mg</u>	<u>DUEs</u>	<u>Connections</u>	<u>in mg</u>	<u>DUEs</u>	<u>Connections</u>
Single Family	1,109	14,392	23,933	1,182	24,030	24,030
Residential Condominiums/Multiple Family	325	4,939	8,140	316	6,435	8,357
Residential Commercial/Institutional	<u>614</u>	<u>6,032</u>	<u>1,023</u>	<u>515</u>	<u>8,559</u>	<u>1,085</u>
Total Users	2,048	25,363	33,096	2,013	39,024 ⁽¹⁾	33,472

(1) DUEs were updated in fiscal year 2019-20 to better reflect the idea that a DUE is equivalent to one single-family residence in terms of the amount and strength of sewage generated. Such update accounts for the increase in DUEs as compared with the prior fiscal year.

Source: City of Livermore.

The number of new connections in Livermore's service area in the past five fiscal years for which information is available is set forth in the following table.

Table 18
Livermore Sewer System
New Connections (in DUEs)
Fiscal Years 2015-16 through 2019-20

<u>Fiscal Year</u>	<u>Connections (in DUEs)</u>
2015-16	659
2016-17	311
2017-18	385
2018-19	347
2019-20	200 ⁽¹⁾

(1) DUEs were updated in fiscal year 2019-20 to better reflect the idea that a DUE is equivalent to one single-family residence in terms of the amount and strength of sewage generated. Such update accounts for the increase in DUEs as compared with the prior fiscal year.

Source: City of Livermore.

Table 19
Livermore Sewer System
Revenues by Class of User
Fiscal Year 2019-20

<u>User Class</u>	<u>Fiscal Year Revenue</u>	<u>Percentage of Revenue</u>
Residential	\$20,376,897	83.8%
Commercial/Industrial	3,934,308	16.2
Total	24,311,205	100.00

Source: City of Livermore.

The table below shows the seven largest users of the sewer system facilities during fiscal year 2020-21.

Table 20
Livermore Sewer System
Seven Largest Users
Fiscal Year 2020-21

<u>User</u>	<u>Revenue⁽¹⁾</u>	<u>Percentage of Fiscal Year Revenue⁽¹⁾</u>
Lawrence Livermore Laboratory	\$1,040,682	4.25%
City of Pleasanton ⁽²⁾	529,374	2.16
Valley Care Senior Housing	193,800	0.79
Formfactor Inc.	163,277	0.67
Raintree Ironwood	122,400	0.50
LVJUSD	110,665	0.45
Sequoia Equities Mill Springs	107,100	0.44
All others	24,934,123	91.66
Total	\$27,201,421	100.00%

⁽¹⁾ Estimated.

⁽²⁾ The Ruby Hill development is within the city limits of Pleasanton, but is served by the Livermore System.
Source: City of Livermore.

The following table sets forth the volume of wastewater collected by the Livermore Sewer System and pumped to the LWRP in the preceding ten calendar years.

Table 21
Livermore Sewer System
Average Daily Influent Flow (mgd)

Calendar Year	Average Daily Influent Flow (mgd)
2011	6.98
2012	6.83
2013	6.82
2014	6.29
2015	5.97
2016	5.51
2017	5.85
2018	5.50
2019	5.61
2020	5.51

Source: City of Livermore.

Rates and Charges

Livermore recovers the cost of the Sewer System operation, maintenance and replacement, and capital expansion through a user fee system involving sewer service charges and connection fees. The components of the user fees currently imposed by Livermore are: (1) charges based on flow and wastewater strength, which are divided into rates for residential (which are fixed) and rates for commercial and industrial users (which are based on flow), (2) miscellaneous fees and charges, including industrial waste inspection fees, and (3) sales of services and surplus equipment. Livermore has the power to establish wastewater rates and charges. The wastewater charges established by Livermore are not subject to review or approval by any other agency. See “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES – Articles XIIC and XIID of the California Constitution.”

Rate Setting and Approval Process. Sewer service charges for the Livermore Sewer System are reviewed annually as part of Livermore’s budgetary process. After developing budgeted expenditures for operation, maintenance, and renewal replacement activities, staff determines if the existing sewer service charge will generate sufficient revenues to cover budgeted expenditures or if a rate increase is necessary. The timing of rate adjustments may or may not coincide with the budget adoption process, however, increased revenue realized from projected rate adjustments are considered during budget development. The process used to set rates follows State regulations concerning the operation of local government utilities. Typically, several public hearings are held to review staff or consultant studies and recommendations concerning rate adjustments before final adoption of rate changes.

Rate Collections. Billing for residential wastewater services takes place semi-annually and occurs in conjunction with ad valorem property tax bills sent by the County of Alameda. As with property taxes, wastewater service fees are due twice a year on November 1 and February 1. If unpaid, these service fees become delinquent on December 10 and April 10, respectively. Property taxes are not considered fully paid unless wastewater charges are also paid. Billing for commercial customers is conducted on a monthly basis.

Historical Service Charges. The following table presents the monthly equivalents of Livermore's annual fixed sewer service charges, as collected on the property tax bill for residential properties in fiscal years 2011-12 through 2020-21.

Table 22
Livermore Sewer System
Historical Residential Sewer Service Charge⁽¹⁾
Fiscal Years 2011-21 through 2020-21

<u>Fiscal Year</u>	<u>Single-Family</u>	<u>Condominium</u>	<u>Multi-Family</u>
2011-12	\$40.75	\$27.60	\$22.65
2012-13	40.75	27.60	22.65
2013-14	40.75	27.60	22.65
2014-15	40.75	27.60	22.65
2015-16	42.28	27.60	24.87
2016-17	45.03	27.60	27.24
2017-18	49.22	37.12	37.12
2018-19	52.67	39.72	39.72
2019-20	56.35	42.50	42.50
2020-21	58.93	48.21	48.21

(1) Monthly equivalents of fixed rates collected on the property tax bill.
Source: City of Livermore.

Current Service Charges. The City Council adopted its current rates by ordinance on May 11, 2020. The single-family residential sewer service charge is currently \$61.88 per month (\$742.56 per year) effective July 1, 2021, and the commercial rate ranges from \$4.55/CCF to \$10.55/CCF.

Current Connection Charges. Livermore's current connection charge for single family residential connections is \$6,876. Connection charges for commercial connections are calculated based on a formula that takes into account flow and characteristics of flow.

Livermore has an ordinance which prohibits the issuance of building permits if mandatory water rationing is imposed on residents of Livermore. If this were to occur, there would be an adverse effect on the amounts collected by Livermore from sewer connection charges. However, water rationing is only contemplated in the highest stages of the Livermore Water Shortage Contingency Plan corresponding to required demand reductions of between 35% and 50% of normal demand. Livermore has never needed to enact water rationing to meet demands during even the most severe droughts experienced to date.

Comparative Rates. For monthly residential Sewer System service, charges and residential connection fees of other public agencies in surrounding areas to Livermore, see "DUBLIN SAN RAMON SERVICES DISTRICT – Rates and Charges – Comparative Rates."

Delinquencies. Livermore has not experienced annual uncollected delinquencies for wastewater users exceeding 1.5% annually over the last 5 years.

Financial Information

Budgetary Process. The operating budget takes the form of a two-year financial plan which is adopted in its entirety by the City Council. The operating budget is presented on a program basis, with an emphasis on matching services with the cost of providing those services. A mid-period review is conducted in the off-year and appropriations are adjusted accordingly. The operating budget is subject to supplemental appropriations throughout its term in order to provide flexibility to meet changing needs and conditions.

Financial Statements. Excerpts of the most recent audited financial statements of Livermore (the “**Livermore Financial Statements**”) are included in Appendix A. The Livermore Financial Statements include a letter from Maze & Associates, Inc. (the “**Livermore Auditor**”) which concludes that the Livermore Financial Statements present fairly, in all material respects, the financial position of Livermore as of June 30, 2020 and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles. The excerpts from the Livermore Financial Statements should be read in their entirety. The Livermore Auditor has not reviewed or audited this Official Statement and has not been asked to consent nor has it consented to the inclusion of the Livermore Financial Statements as Appendix A to this Official Statement.

The summary operating results contained under “Summary of Historical Operating Results” are derived from the Livermore Financial Statements (excluding certain non-cash items and after certain, other adjustments) and are qualified in their entirety by reference to such statements, including the notes thereto. The Livermore Auditor has not reviewed or audited the summary operating results or any other portion of this Official Statement.

Summary of Historical Operating Results. The following table is a summary of operating results of Livermore's Sewer System for the fiscal years ending June 30, 2017 through 2020 (audited) and June 30, 2021 (estimated). The audited results have been derived from the Livermore Financial Statements but exclude certain non-cash items and include certain other adjustments, and are qualified in their entirety by reference to such statements, including the notes thereto. The table has not been audited by Livermore's Auditor.

Table 23
Livermore Sewer System
Summary of Historical Operating Results ⁽¹⁾
Fiscal Year Ended June 30

	<u>Audited</u> <u>2016-17</u>	<u>Audited</u> <u>2017-18</u>	<u>Audited</u> <u>2018-19</u>	<u>Audited</u> <u>2019-20</u>	<u>Estimated</u> <u>2020-21</u>
Gross Revenues					
Charges for services	\$20,388,467	\$21,341,703	\$22,920,343	\$24,311,205	\$24,929,000
Connection Fees	1,834,854	2,477,971	2,311,224	1,341,958	1,930,000
Interest Income	178,872	395,756	1,783,751	1,955,582	259,671
Other Revenue (2)	50,147	33,205	20,806	34,735	82,750
Total Gross Revenues	22,452,340	24,248,635	27,036,124	27,643,480	27,201,421
Maintenance & Operation Costs (3)	15,784,287	15,982,653	15,982,653	18,499,496	15,929,343
Member Net Revenues	6,668,053	8,265,982	9,015,483	9,143,984	11,272,078
Obligations	-	-	-	-	-
Net Revenue minus Obligations (4)	6,668,053	8,265,982	9,015,483	9,143,984	11,272,078
Share of LAVWMA Debt Service					
Rehabilitation Project	973,985	974,289	973,970	974,183	974,244
Expansion Project	1,253,455	1,253,847	1,253,436	1,253,710	1,253,788
Total LAVWMA Debt Service	2,227,440	2,228,136	2,227,406	2,227,893	2,228,032
LAVWMA Debt Service Coverage	2.99x	3.71x	4.05x	4.10x	5.08x
Net Revenues Available after Obligations/LAVWMA Debt Service	\$4,440,613	\$6,037,846	\$6,788,077	\$6,916,091	\$9,080,375

(1) Balances are derived from Livermore audited financial statements.

(2) Includes operating transfers in, if any.

(3) Excludes depreciation and debt service. Includes Payments to LAVWMA for LAVWMA Maintenance and Operation Costs. See "SECURITY FOR THE 2021 BONDS." Includes operating transfers out, if any.

(4) Reflects Net Revenues remaining after payment of debt service on Livermore's Obligations.

Note: Starting in fiscal year 2017-18, Stormwater activities are reported separately from Sewer.

Source: City of Livermore Audited Financial Statements.

Projected Operating Results and Debt Service Coverage. Livermore's estimated projected operating results for the Sewer System for the fiscal years ending June 30, 2022 through June 30, 2026, are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents Livermore's estimate of projected financial results based upon its judgment of the probable occurrence of future events. Certain assumptions underlying the forecast are set forth in part in the footnotes to the chart set forth below; in addition, the projections assume (i) an increase in sewer rate revenue due to preapproved rate increases for fiscal years 2021-22 through 2021-25, (ii) investment earnings are left flat at fiscal year 2020-21 level, and (iii) annual expense increases of 2.5% to 5%. The assumptions are material in the development of Livermore's financial projections, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

Table 24
Livermore Sewer System
Summary of Projected Operating Results ⁽¹⁾
Fiscal Year Ended June 30

	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
Gross Revenues (1)					
Charges for services	\$27,435,606	\$28,828,564	\$30,226,539	\$31,710,114	\$31,867,239
Connection Fees (2)	2,082,000	2,016,000	2,009,000	2,009,000	2,009,000
Interest Income	259,671	259,671	259,671	259,671	259,671
Other Revenue	<u>27,750</u>	<u>27,750</u>	<u>27,750</u>	<u>27,750</u>	<u>27,000</u>
Total Member Gross Revenues	29,805,027	31,131,985	32,522,960	34,006,535	34,162,910
Maintenance & Operation Costs (1)	<u>(17,397,507)</u>	<u>(17,617,124)</u>	<u>(18,172,977)</u>	<u>(18,748,036)</u>	<u>(19,343,032)</u>
Member Net Revenues (1)	12,407,520	13,514,861	14,349,983	15,258,499	14,819,878
Share of LAVWMA Debt Service*(3)					
Rehabilitation Project	898,555	826,491	826,539	826,856	826,795
Expansion Project	<u>1,156,381</u>	<u>1,063,639</u>	<u>1,063,702</u>	<u>1,064,109</u>	<u>1,064,031</u>
Total LAVWMA Debt Service	2,054,936	1,890,130	1,890,241	1,890,965	1,890,826
LAVWMA Debt Service Coverage*	6.04x	7.15x	7.59x	8.07x	7.84x
Net Revenues Available after Obligations/LAVWMA*	\$10,352,584	\$11,624,731	\$12,459,742	\$13,367,534	\$12,929,052

* Preliminary; subject to change. Based on estimated current market conditions.

(1) Per definition in Sewer Service Contract; Excludes depreciation and debt service. Includes Payments to LAVWMA for LAVWMA Maintenance and Operation Costs. See "SECURITY FOR THE 2021 BONDS."

(2) Livermore's connection fee revenue projections are based on connection projections per Livermore's General Plan and the most recent connection fee study.

(3) Debt service shown on a fiscal year basis.

Source: City of Livermore.

Outstanding Long-Term Debt Obligations

As of the date of this Official Statement, Livermore has no outstanding long-term debt obligations for its wastewater system.

Capital Improvement Program

Livermore currently has no plans to incur additional indebtedness to finance capital improvement projects for its Sewer System.

Insurance

Risk Retention Pool Self Insurance. Livermore currently maintains comprehensive liability insurance from the California Joint Powers Risk Management Authority (“**CJPRMA**”) with a claims limit of \$39.25 million. Livermore also has property insurance coverage with a \$250,000 deductible and excess of coverage of \$400,000,000.

Workers Compensation Risk Retention Pool. Livermore maintains worker’s compensation insurance from the Local Agency Worker’s Compensation Excess Joint Powers Authority. Livermore retains \$500,000 while the pool retention is \$5,000,000. Excess worker’s compensation insurance with a statutory claims limit is maintained through membership in Public Risk Innovation, Solutions, and Management (PRISM).

Employees

Livermore has 50.5 employees employed in its Water Resource Division; 41.5 of these employees are members of the Association of Livermore Employees, whose contract expires on September 30, 2021. Livermore has not had any work stoppages by its employees in recent years.

For information regarding pension plans for Livermore’s employees, see Appendix A attached hereto.

PLANNED DEVELOPMENT IN THE LAVWMA SERVICE AREA

Moderate residential and commercial development is expected to occur within the LAVWMA service area over the next 10 years. However, this projected growth is occurring more slowly than estimated in the General Plans of the municipalities when the plans were adopted. Most of this development is expected within the city limits of Dublin with very little growth expected in San Ramon since the Dougherty Valley is almost at buildout based on the 2014 Dougherty Valley Specific Plan. The projections relating to the payment of Expansion Project Debt Service on the 2021 Bonds by DSRSD, on behalf of itself and Pleasanton, assume that connection fees will be a significant source of future revenue. See “RISK FACTORS – Dependence of Connection Fee Revenue on Development.”

In 1993, Dublin approved the Eastern Dublin Specific Plan and General Plan Amendment (the “**Dublin General Plan**”), which calls for the development of approximately 13,000 homes and 11 million square feet of commercial and office floor space. Since that time, the Dublin General Plan has been amended to add 9,500 homes. To date, approximately 1,700 homes remain to be built.

The number of permits issued by DSRSD over the past five fiscal years equals the number of new connections in those same fiscal years. See Table 5.

The table below summarizes the current status of the major developments currently known to DSRSD to be planned between July 1, 2021, and June 30, 2025, in DSRSD's service area. As noted, all planned development shown in the table below complies with the current general or specific plans, as applicable, and zoning requirements of Dublin. There can be no assurance that any of the development described below will be completed.

Major Planned Development in DSRSD Service Area

Major Development	Residential Units Planned Within 5 Years	Public/Semi- Public Planned Within 5 Years (sq. ft.)	Commercial Development Planned Within 5 Years (sq. ft.)	City Approvals Status	Estimated Start Date
Ikea Retail Center	--	--	410,000	Approved	2024
St Patrick Way	499	--		Approved	2023
Corrie Center Hotel (Cambria)	--	--	89,700	Approved	2024
Kaiser Commercial	--	--	45,461	Stage 2 Planned Development	2023
Ashton at Dublin Station	220	--	--	Stage 2 Planned Development	2022
Transit Center	300	--	--	Site Development Review	2022
At Dublin	326	--	245,000	Need Approval	2024
Grafton Plaza	--	--	31,860	Site Development Review	2023
Inspiration Drive Memory Care	--	35,089	--	Stage 1 Planned Development	2024
Westin Hotel	--	--	163,133	Approved	2022

Source: Dublin San Ramon Services District.

Land Use Initiatives. On November 7, 2000, Alameda County voters approved County of Alameda Measures D and M. Measure D limits development outside of city boundaries in eastern Alameda County by amending the county's East County Area Plan (ECAP), adopted May 5, 1994, to add new growth control policies. The current ECAP establishes permissible land uses in the unincorporated areas of eastern Alameda County. Measure D revises the county's current Urban Growth Boundary in eastern Alameda County (which coincides "with the boundaries for the Eastern Dublin Specific Plan) to reserve less land for urban growth and more land for agricultural and open space, and would apply similar policies to rural canyonlands in the Castro Valley and Palomares areas. Dublin has reported that the planned development in the Dublin area involves only a limited amount of housing in the Dublin's eastern sphere of influence outside the city limits.

Measure D also removes Alameda County from participation in the North Livermore planning process, which includes plans for development of 12,500 housing units north of Interstate 580, which area would be designated as agricultural land. Expansion of the South Livermore Valley Plan Area would be limited under the measure to one mile beyond the boundary that existed as of February 1, 2000. The projections of connection fee revenue by the City of Livermore take these restrictions on development into account.

Measure M calls for an adoption of an Urban Limit Line in the city of Dublin and other provisions that would change the Dublin General Plan for the Western Extended Planning Area, located west of the current city limits. In general, Measure M would restrict annexation and associated development west of Dublin city boundaries. No development has been projected in the area west of the city of Dublin as part of the projections in this Official Statement.

Environmental Issues. As in many areas of the San Francisco Bay Area and the State of California, residential and commercial development in the LAVWMA service area has been constrained by state and federal laws and regulations that protect wetlands and endangered species. Development proposals in the service area are already required to deal with issues concerning endangered species, such as the California red-legged frog, the Alameda whipsnake and the San Joaquin kit fox under both the Endangered Species Act (“**ESA**”) and the California Environmental Quality Act (“**CEQA**”). The ESA determination is made on a case-by-case basis, depending in part on whether the endangered species actually use or occupy the area to be developed. Projects involving federal funding or a federal permit require consultation under the ESA and may require mitigation of impacts on endangered species. While few development projects have been stopped because of the ESA, some have incurred significant mitigation costs and permitting delays, and the approved developments have sometimes been smaller than originally proposed in order to minimize impacts.

On March 13, 2001, the U.S. Fish and Wildlife Service (“**Service**”) designated approximately 4.1 million acres across 31 California counties as “critical habitat” for the California red-legged frog (the designation became effective April 12, 2001). This designation includes much of the undeveloped area of the city of Dublin. As a result of this critical habitat designation, some future projects may undergo additional regulatory involvement by the Service. Also, under CEQA, every development project must undergo environmental review. In that process, impacts to “critical habitat” could be deemed to constitute an environmental impact requiring analysis and mitigation. Thus, for some future projects, the designation of “critical habitat” may result in additional environmental review and mitigation beyond that which would otherwise be performed. LAVWMA cannot predict the ultimate effect of the critical habitat designation on development in the Dublin area.

Other environmental issues impacting development in Dublin are likely to arise in the future. LAVWMA and the Members cannot predict what environmental issues may arise and what impact they may have on development. Dublin has assumed that environmental issues will not stop the planned development in the table above. LAVWMA has in turn based its projections of Regional Capacity Reserve Fees on planned development information provided by the city of Dublin, as well as the Members.

CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES

Article XIII B

Article XIII B of the California State Constitution limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and population. The “base year” for establishing such appropriation limit is fiscal year 1978-79 and the limit is to be adjusted annually to reflect changes in population and consumer prices. Adjustments in the appropriations limit of an entity may also be made if (i) the financial responsibility for a service is transferred to another public entity or to a

private entity, (ii) the financial source for the provision of services is transferred from taxes to other revenues, or (iii) the voters of the entity approve a change in the limit for a period of time not to exceed four years.

Appropriations subject to Article XIII B generally include the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions and refunds of taxes. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to an entity of government from (i) regulatory licenses, user charges, and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), and (ii) the investment of tax revenues. Article XIII B includes a requirement that if an entity's revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Certain expenditures are excluded from the appropriations limit including payments of indebtedness existing or legally authorized as of January 1, 1979, or of bonded indebtedness thereafter approved by the voters and payments required to comply with court or federal mandates which without discretion require an expenditure for additional services or which unavoidably make the providing of existing services more costly.

The Members are of the opinion that their wastewater fees and charges do not exceed the costs they reasonably bear in providing such services and therefore are not subject to the limits of Article XIII B.

Articles XIII C and XIII D of the California Constitution

General. On November 5, 1996, California voters approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the State Constitution, which affect the ability of local governments to levy and collect both existing and future taxes, assessments, and property-related fees and charges. Proposition 218, which generally became effective on November 6, 1996, changed, among other things, the procedure for the imposition of any new or increased property-related "fee" or "charge," which is defined as "any levy other than an ad valorem tax, a special tax or an assessment, imposed by a (local government) upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service" (and referred to in this section as a "property-related fee or charge").

On November 2, 2010, California voters approved Proposition 26, the so-called "Supermajority Vote to Pass New Taxes and Fees Act". Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as "fees." Proposition 26 amended Articles XIII A and XIII C of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Proposition 26's amendments to Article XIII C broadly define "tax," but specifically exclude, among other things:

"(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.

(2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.

...

(6) A charge imposed as a condition of property development.

(7) Assessments and property-related fees imposed in accordance with the provisions of Article XIII D.”

Property-Related Fees and Charges. Under Article XIID, before a municipality may impose or increase any property-related fee or charge, the entity must give written notice to the record owner of each parcel of land affected by that fee or charge. The municipality must then hold a hearing upon the proposed imposition or increase at least 45 days after the written notice is mailed, and, if a majority of the property owners of the identified parcels present written protests against the proposal, the municipality may not impose or increase the property-related fee or charge.

Further, under Article XIID, revenues derived from a property-related fee or charge may not exceed the funds required to provide the “property-related service” and the entity may not use such fee or charge for any purpose other than that for which it imposed the fee or charge. The amount of a property-related fee or charge may not exceed the proportional cost of the service attributable to the parcel, and no property-related fee or charge may be imposed for a service unless that service is actually used by, or is immediately available to, the owner of the property in question.

Initiative Power. In addition, Article XIIC states that “the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives.”

Judicial Interpretation of Article XIID. After Proposition 218 was enacted in 1996, appellate court cases and an Attorney General opinion initially indicated that fees and charges levied for water and wastewater services would not be considered property-related fees and charges, and thus not subject to the requirements of Article XIID regarding notice, hearing and protests in connection with any increase in the fees and charges being imposed. However, three recent cases have held that certain types of water and wastewater charges could be subject to the requirements of Article XIID under certain circumstances.

In *Richmond v. Shasta Community Services District* (9 Cal. Rptr. 3d 121), the California Supreme Court addressed the applicability of the notice, hearing and protest provisions of Article XIID to certain charges related to water service. In *Richmond*, the Court held that connection charges are not subject to Proposition 218. The Court also indicated in dictum that a fee for ongoing water service through an existing connection could, under certain circumstances, constitute a property-related fee and charge, with the result that a local government imposing such a fee and charge must comply with the notice, hearing and protest requirements of Article XIID.

In *Howard Jarvis Taxpayers Association v. City of Fresno* (26 Cal.Rptr.3d 153), the California Court of Appeal, Fifth District, concluded that water, sewer and trash fees are property-related fees subject to Proposition 218 and a municipality must comply with Article XIID before

imposing or increasing such fees. The California Supreme Court denied the City of Fresno's petition for review of the Court of Appeal's decision on June 15, 2005.

In July 2006 the California Supreme Court, in *Bighorn-Desert View Water Agency v. Verjil* (46 Cal.Rptr.3d 73), addressed the validity of a local voter initiative measure that would have (a) reduced a water agency's rates for water consumption (and other water charges), and (b) required the water agency to obtain voter approval before increasing any existing water rate, fee, or charge, or imposing any new water rate, fee, or charge. The court adopted the position indicated by its statement in *Richmond* that a public water agency's charges for ongoing water delivery are "fees and charges" within the meaning of Article XIII D, and went on to hold that charges for ongoing water delivery are also "fees" within the meaning of Article XIII C's mandate that the initiative power of the electorate cannot be prohibited or limited in matters of reducing or repealing any local tax, assessment, fee or charge. Therefore, the court held, Article XIII C authorizes local voters to adopt an initiative measure that would reduce or repeal a public agency's water rates and other water delivery charges. (However, the court ultimately ruled in favor of the water agency and held that the entire initiative measure was invalid on the grounds that the second part of the initiative measure, which would have subjected future water rate increases to prior voter approval, was not supported by Article XIII C and was therefore invalid.)

The court in *Bighorn* specifically noted that it was not holding that the initiative power is free of all limitations; the court stated that it was *not* determining whether the electorate's initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay for operating expenses, provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions, and enlargements, pay the interest on any bonded debt, and provide a sinking or other fund for the payment of the principal of such debt as it may become due.

Application of Article XIII C and Article XIII D. For information concerning the specific procedures employed by each Member with respect to its charges and fees, see "DUBLIN SAN RAMON SERVICES DISTRICT," "CITY OF PLEASANTON" and "CITY OF LIVERMORE."

The Members believe their wastewater service charges do not constitute "taxes" under Article XIII C as revised by Proposition 26 because, as described in subsection 1(e)(7) of Article XIII C, they are "property-related fees imposed in accordance with the provisions of Article XIII D" (and are also charges for a "property-related service" as defined in subsection 2(g) of Article XIII D) and because, as described in subsection 1(e)(2) of Article XIII C, they are charged for wastewater service, "a specific government service or product provided directly to the payor that is not provided to those not charged."

The Members believe their connection fees are not "taxes" as defined by Article XIII C as revised by Proposition 26 because they are charges to a landowner that are imposed (typically in connection with property development) and, as described in subsection 1(e) of Article XIII C, they are imposed (1) "for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged" and/or (2) "for a specific government service or product [a time-limited share of capacity in the wastewater system] provided directly to the payor that is not provided to those not charged," and which do not exceed either the reasonable costs of conferring the benefit or granting the privilege and/or the reasonable costs of providing the service or product.

The Members intend to continue complying with the provisions of Articles XIIC and XIID and implementing legislation in connection with future rate increases, as such requirements may be interpreted by state courts.

Conclusion. It is not possible to predict how courts will interpret Article XIIC and Article XIID in future judicial decisions, and what, if any, further implementing legislation will be enacted.

Under the *Bighorn* case, local voters could adopt an initiative measure that reduces or repeals the Members' rates and charges, although it is not clear whether (and California courts have not decided whether) any such reduction or repeal by initiative would be enforceable in a situation in which such rates and charges are pledged to the repayment of bonds or other indebtedness.

There can be no assurance that the courts will not further interpret, or the voters will not amend, Article XIIC and Article XIID to limit the ability of local agencies to impose, levy, charge and collect increased fees and charges for utility service, or to call into question previously adopted utility rate increases.

Future Initiatives

Articles XIIB, XIIC and XIID were adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiatives could be proposed and adopted affecting the Members' revenues or ability to increase revenues.

RISK FACTORS

The following section describes certain risk factors affecting the payment of and security for the 2021 Bonds. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the 2021 Bonds and the order in which the matters are listed does not necessarily reflect the relative importance of the various issues. Potential investors are advised to consider the following factors, along with all other information in this Official Statement, in evaluating the 2021 Bonds. There can be no assurance that other risk factors will not become material in the future.

Potential Impact of COVID-19 Pandemic

The COVID-19 pandemic is materially adversely affecting the local, state and world economies. None of LAVWMA or the Members can currently predict the extent or duration of the outbreak or what ultimate impact it may have on their respective finances or operations. See "COVID-19 PANDEMIC."

General

The payment of principal of and interest on the 2021 Bonds is secured solely by a pledge of LAVWMA Net Revenues to the extent necessary to pay debt service on the Bonds (consisting principally of Payments of the Members made from Member Net Revenues) and certain funds under the Indenture. The realization of LAVWMA Net Revenues is subject to, among other things, the capabilities of management of LAVWMA and the Members, the ability of LAVWMA to provide wastewater disposal service to Members, the ability of the Members to provide wastewater services to their users, and the ability of the Members to establish and maintain wastewater fees

and charges sufficient to provide the required debt service coverage as well as pay for Member and LAVWMA Maintenance and Operation Costs.

Among other matters, drought, general and local economic conditions and changes in law and government regulations (including initiatives and moratoriums on growth) could adversely affect the amount of Member Net Revenues realized by the Members and ultimately the ability of the Members to pay the Payments.

Demand and Usage

There can be no assurance that the local demand for services provided by the Members and LAVWMA will continue according to historical levels. Reduction in the level of demand could require an increase in rates or charges in order to produce Member Net Revenues sufficient to comply with the Members' obligations under the Sewer Service Contract. Such rate increases could increase the likelihood of nonpayment, and could also further decrease demand.

In addition, drought conditions and voluntary or mandatory conservation measures could decrease usage of the services of the Members. Reduction in usage could require an increase in rates or charges in order to produce Member Net Revenues sufficient to comply with the Members' obligations under the Sewer Service Contract.

Expenses

There can be no assurance that maintenance and operation expenses and capital expenses, including those payment obligations arising as a result of the Members' participation in joint powers authorities or its shared ownership or capacity rights in facilities owned by other local agencies, will be consistent with the levels described in this Official Statement. Changes in technology, increases in the cost of energy or other expenses and increased regulatory requirements would reduce LAVWMA Net Revenues or Member Net Revenues, and could require substantial increases in rates or charges in order for Members to comply with their obligations under the Sewer Service Contract. Such rate increases could increase the likelihood of nonpayment, and could also decrease demand.

Earthquakes, Floods and Other Natural Disasters

Earthquakes, floods or other natural disasters could interrupt operation of the Members' Sewer Systems and the LAVWMA Enterprise and cause increased costs and thereby interrupt the ability of the Members to realize Member Net Revenues sufficient to pay the Payments or affect the LAVWMA Net Revenues. The Members are located in active seismic areas. The Members are not obligated under the Sewer Service Contract to have earthquake or flood insurance.

Set forth below is information about seismic, wildfire and flood-related conditions in the jurisdictions of the Members.

Seismic. The area in which LAVWMA, DSRSD, Livermore and Pleasanton provide service, like most regions in California, is an area of significant seismic activity, and therefore, is subject to potentially destructive earthquakes. The following information about seismic risk in that area is derived from the general plan documents for DSRSD, Livermore, Pleasanton and, where indicated, the cities of Dublin and San Ramon.

Livermore. Because of the high level of seismic activity in and around Livermore, the area has been classified as seismic risk Zone 4 by the California Building Code, which is the highest risk category. The Greenville Fault, an active fault that is the easternmost strand of the San Andreas fault system in the San Francisco Bay region, is located approximately four miles to the east of downtown Livermore. Each of the three segments of the Greenville Fault is considered capable of generating earthquakes in the range of Richter magnitude 6.6 to 6.9. If all segments were to rupture in a single seismic event, a 7.2 magnitude earthquake would be expected. The United States Geologic Survey estimates a 6% probability of a 6.7 magnitude or greater earthquake on the Greenville Fault during the period 2000 to 2030.

The Las Positas Fault, which is considered to be active, is located approximately 2.5 miles to the southeast of downtown Livermore. The Las Positas Fault could potentially generate an earthquake of Richter magnitude 6.3.

In addition, several other major active faults are located in the vicinity of Livermore, including the Calaveras and Hayward faults. In addition, the Livermore Fault is considered to be potentially active and capable of generating an earthquake with moment magnitude of 6.2.

Finally, there is a structural trend of folds and thrust faults in the hills north of Livermore, the largest of which is the Mount Diablo anticline; the Mount Diablo anticline presents the potential for an earthquake with a magnitude of 6.7 with a 4% probability of occurring during the period 2000 to 2030. An earthquake on the fault would not be expected to cause fault rupture at the surface. However, strong ground shaking would be expected within the Livermore area during such an earthquake.

Pleasanton. The active faults in or near Pleasanton include the Calaveras, Concord-Green Valley, Greenville, Hayward, Mt. Diablo Thrust, and San Andreas Faults. The Calaveras and Verona Faults are the only faults within the Planning Area that the State currently designates as Alquist-Priolo Earthquake Fault Zones.

DSRSD.

City of Dublin: According to the Seismic Safety and Safety Element of the City of Dublin's General Plan, the Calaveras Fault is the major active fault in the Dublin planning area. The Pleasanton Fault, near the west edge of Camp Parks, is difficult to locate precisely. The State has established Alquist-Priolo Special Studies Zones along both faults, requiring detailed studies of rupture hazards prior to construction. Few potential building sites within the City of Dublin or the extended planning area are without geologic impact or hazard. The hazard may be actual, such as an active landslide or proximity to an active fault, or potential, such as a proposed cut that might activate a landslide.

City of San Ramon: According to the Safety Element of the City of San Ramon's General Plan 2020, the major active fault with rupture potential is the Calaveras Fault. The California Legislature has established an Alquist-Priolo Earthquake Fault Zone along the fault, requiring detailed studies of rupture hazards prior to construction. Two smaller faults, the Dublin Fault and the Bollinger Fault, also traverse portions of the City and its Sphere of Influence. While these faults are not regarded as active, evidence is inconclusive. Minor, presumed

inactive, faults intersect active or potentially active faults. Any movement of the master fault could trigger adjustments on minor cross faults or adjacent subparallel faults.

City of Pleasanton: See above.

Flood. The area in which LAVWMA, DSRSD, Livermore and Pleasanton provide service, like many regions in California, may be subject to flood damage. The following information about flood risk in that area is derived from the general plan documents for LAVWMA, DSRSD, Livermore, Pleasanton and, where indicated, the cities of Dublin and San Ramon.

Livermore. According to the Federal Emergency Management Agency (“FEMA”), the majority of Livermore is subject to minimal flooding, although there are 100-year flood zones in some portions of Livermore. Most flooding within Livermore is caused by heavy rainfall and subsequent runoff volumes that cannot be adequately conveyed by the existing storm drainage system combined with surface water bodies. Flooding could also result from the catastrophic failure of nearby Del Valle Dam and Patterson Reservoir, which would result in the release of a large volume of water in a relatively short period of time. Livermore is not subject to inundation by coastal hazards.

Pleasanton. According to FEMA information, approximately 1,900 acres in Pleasanton are in the 100-year FEMA flood plain and approximately 3,425 acres are in the 500-year flood plain. In addition, approximately 6,000 acres in Pleasanton are located within the dam failure inundation hazard area for Lake Del Valle Dam. The 235-foot Del Valle Dam impounds a reservoir with a total capacity of 77,100 acre-feet. To provide a flood-protection reserve, it normally stores from 25,000 to 40,000 acre-feet. This dam is under the jurisdiction of the California Department of Water Resources (“DWR”), Division of the Safety of Dams. Existing dams under DWR jurisdiction are periodically inspected to ensure adequate maintenance and to direct the owner to correct any deficiencies found. Dam failure and flooding could potentially cause DSRSD's sewage treatment plant to overflow, resulting in raw sewage flowing down Alameda Creek leading to short-term negative impacts.

DSRSD.

City of Dublin: According to the Seismic Safety and Safety Element of the City of Dublin's General Plan, flooding has not been a major problem in the City of Dublin and, as of January 1992, there were no major flood improvement projects needed or planned for the City of Dublin.

City of San Ramon: According to the Safety Element of the City of San Ramon's General Plan 2020, based on information from FEMA, a majority of Contra Costa County's creeks and shoreline lie within the 100-year floodplain. Drainage facilities in Contra Costa County are provided by the cities, the County of Contra Costa, and the Contra Costa County Flood Control and Water Conservation District.

City of Pleasanton: See above.

Fire Hazard. The area in which LAVWMA, DSRSD, Livermore and Pleasanton provide service, like many regions in California where development occurs outside an urban core, is an

area of significant fire hazard. In recent years, wildfires have caused extensive damage throughout the State. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances, entire neighborhoods have been destroyed. Several fires which occurred in 2017 damaged or destroyed property in areas that were not previously considered to be at risk from such events. In November 2018, the Camp Fire in Butte County, California was the deadliest and most destructive wildfire in the recorded history of the State, burning more than 150,000 acres and destroying more than 11,500 structures, including most of the structures in the City of Paradise, California. Some commentators believe that climate change will lead to even more frequent and damaging wildfires in the future.

The following information about wildfire risk in that area is derived from the general plan documents for LAVWMA, DSRSD, Livermore, Pleasanton and, where indicated, the cities of Dublin and San Ramon.

Livermore. Features in some parts of Livermore, including flammable vegetation, warm and dry summers, rugged topography and occasional human presence create the risk of potential wildland fires. According to the California Department of Forestry, wildland fire risk is moderate in Livermore.

Pleasanton. More than 7,000 acres in Pleasanton are identified as Special Fire Protection Areas that are in wildland-urban interface fire-threat areas. DSRSD's facilities are not located in a Special Fire Protection Area.

DSRSD.

City of Dublin: According to the Seismic Safety and Safety Element of the City of Dublin's General Plan, steep, inaccessible slopes and brush create a high fire hazard in the western hills of the City of Dublin.

City of San Ramon: According to the Safety Element of the City of San Ramon's General Plan 2020, the risk of both urban and wildland fires exists in the San Ramon planning area. This risk is the result of a variety of factors, including: the type of vegetation and ground cover in the planning area, the combustibility of certain building materials, ground slope, adequacy of access to fire suppression services, water supply, water pressure, and weather conditions. Fire hazards in the City of San Ramon are usually created by increases in the number of homes adjoining open space; therefore, much of the threat of wildland fires is due to open grasslands abutting residential developments. Many neighborhoods within the City are located in remote regions and are surrounded by grasslands. As the City of San Ramon continues to expand, more of these urban-rural interface areas are created. This situation creates extreme fire hazards. Areas in the City of San Ramon representing the greatest risk include the Dougherty Valley and Tassajara Valley areas to the east of the City limit and the wildland areas at the planning area's western edge and northwestern corner. New development will likely create increased fire hazards caused by interactions between open grassland and dense residential development.

City of Pleasanton: See above.

Permits and Regulation

Non-compliance with discharge permits may result in significant penalties from the SWRCB or other enforcement actions that could have a material adverse effect on the finances and operations of LAVWMA and the Members. Changes in regulation could increase the costs of operating the LAVWMA Enterprise and the Member's Sewer Systems. See "THE LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY – Permits and Regulations."

Abatement

The Sewer Service Contract provides that Payments for Fixed LAVWMA Maintenance and Operation Costs under the Sewer Service Contract are subject to abatement in the discretion of the Members during any period in which by reason of any damage or destruction (other than by condemnation, which is provided for separately in the Indenture; see Appendix D) there is a material interruption in the Sewer Service to the Members. Abatement will continue for the period commencing with the damage or destruction and ending upon the restoration of Sewer Service by LAVWMA. The proceeds of any insurance covering such damage or destruction are required to be deposited and applied by LAVWMA as provided in the Indenture. See "SECURITY FOR THE 2021 BONDS - Insurance". Under the Sewer Service Contract, LAVWMA covenants, to the extent permitted by law and subject to any limitations resulting from a disruption in pipeline capacity, to accept wastewater of Members notwithstanding any disruption in pipeline capacity and to use its best efforts in the event of any such disruption to undertake alternative and interim methods of storage and disposal of wastewater, including San Lorenzo Creek and Alamo Creek. See "THE LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY – Permits and Regulations."

The Members' Payments for their Fixed Cost Allocation for Debt Service are not subject to abatement.

Dependence of Connection Fee Revenue on Development

The projections relating to the payment of Expansion Project Debt Service on the 2021 Bonds by DSRSD, on behalf of itself and Pleasanton, and the payment of Payments by Livermore under the Sewer Service Contract assume that some revenue will be generated as a result of the collection of connection fees. See "DUBLIN SAN RAMON SERVICES DISTRICT," "CITY OF PLEASANTON" and "CITY OF LIVERMORE." In general, receipt of connection fee revenue is dependent upon development of land. See "PLANNED DEVELOPMENT IN THE LAVWMA SERVICE AREA." The actual course of land development within the Members' service areas may vary significantly from the projections.

Although the Members assume they will collect connection fee revenue, wastewater service charges are the ultimate financial support for the payment of the Payments under the Sewer Service Contract. In general, the Members agree annually to set rates for wastewater service charges at a level which will generate revenues sufficient to cover annual debt service on the 2021 Bonds (with an allowance for amounts transferred from the Rate Stabilization Fund to pay the Expansion Debt Service on the 2021 Bonds). See "SECURITY FOR THE 2021 BONDS - Rate Covenants."

Land development is subject to comprehensive federal, state and local regulations. Approval is required from various agencies in connection with the layout and design of developments, the nature and extent of improvements, construction activity, land use, zoning,

school and health requirements, as well as numerous other matters. There is always the possibility that such approvals will not be obtained or, if obtained, will not be obtained on a timely basis. Failure to obtain any such agency approval or satisfy such governmental requirements would adversely affect land development. For information on certain environmental issues concerning development, see “PLANNED DEVELOPMENT IN THE LAVWMA SERVICE AREA.”

The installation of the necessary infrastructure improvements and the construction of the proposed development are subject to the receipt of ministerial and discretionary approvals from a number of public agencies concerning the layout and design of the proposed development, the nature and extent of the improvements, land use, health and safety requirements and other matters. Moreover, land development operations may be adversely affected by future governmental policies, including, but not limited to, governmental policies to restrict or control development.

Under current California law, it is generally accepted that proposed development is not exempt from future land use regulations until building permits have been properly issued and substantial work has been performed and substantial liabilities have been incurred in good faith reliance on such permits.

In the past, a number of communities in California, including Dublin, Pleasanton, Livermore and San Ramon have had initiative measures placed on the ballot intended to control the rate of future development. It is possible that future initiatives could be enacted, could become applicable to the proposed development and could negatively impact the ability of the developers, and their successors, to complete land development. The application of future land use regulations to land development could cause significant delays and cost increases in the completion of development.

On November 7, 2000, Alameda County voters approved two growth control measures, known as County of Alameda Measures D and M. For a discussion of these measures with respect to planned development in the LAVWMA service area, see “PLANNED DEVELOPMENT IN THE LAVWMA SERVICE AREA.”

There can be no assurance that land development operations will not be adversely affected by a future deterioration of the real estate market and economic conditions or future local, State and federal governmental policies relating to real estate development, the income tax treatment of real property ownership, or the state and/or national economy.

Cybersecurity

LAVWMA and the Members, and their respective wastewater enterprises, rely on a large and complex technology environment to conduct their operations. LAVWMA and each Member and its departments (including their wastewater enterprises) face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. LAVWMA and each Member has purchased cyberinsurance coverage to protect against cyber risks.

No assurances can be given that the cybersecurity protection measures taken by LAVWMA or any Member will be successful in guarding against any and each cyber threat and attack. The results of any successful cyber-attack on LAVWMA or any Member's network and computer information technology systems could have a material adverse impact on the operations

of LAVWMA or such Member. The resulting financial or operational impacts on LAVWMA or the Member could be material.

Investment of Funds

All funds and accounts held under the Indenture are required to be invested in Authorized Investments as provided under the Indenture. See Appendix D for a summary of the definition of Authorized Investments. See the Members' financial statements attached as Appendix A for a summary of the Members' investments as of the date of such financial statements. All investments, including the Authorized Investments and those authorized by law from time to time for investments by public agencies, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected, loss of market value and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the Indenture or by the Members, including but not limited to the Rate Stabilization Fund, could have a material adverse effect on the security of the 2021 Bonds.

Limitations on Remedies and Bankruptcy

The rights and remedies provided in the Indenture and the Sewer Service Contract may be limited by and 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, and to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California. The various opinions of counsel to be delivered with respect to such documents, including the opinion of Bond Counsel (the form of which is attached as Appendix F), will be similarly qualified.

The enforcement of the remedies provided in the Indenture and the Sewer Service Contract could prove both expensive and time consuming. In the event of a default, the Trustee is not empowered to accelerate the payments on the 2021 Bonds or sell any facilities of the LAVWMA Enterprise in order to pay debt service on the 2021 Bonds. In addition, the rights and remedies provided in the Indenture and the Sewer Service Contract may be limited by and are subject to provisions of the federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect creditors' rights. If LAVWMA or a Member were to file a petition under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), the owners of the 2021 Bonds and the Trustee could be prohibited or severely restricted from taking any steps to enforce their rights under the Sewer Service Contract.

No Debt Service Reserve Fund

Neither LAVWMA nor the Members are obligated to fund or maintain a debt service reserve fund for the 2021 Bonds.

Parity Bonds

Although LAVWMA has covenanted not to issue additional obligations payable from LAVWMA Net Revenues that are senior to the 2021 Bonds, the Indenture permits the issuance by LAVWMA of certain indebtedness that may have a lien upon the LAVWMA Net Revenues which is on a parity basis to the 2021 Bonds (see "SECURITY FOR THE 2021 BONDS – Parity Bonds" in this Official Statement).

These tests for the issuance of Parity Bonds involve, to some extent, projections of LAVWMA Net Revenues. If such indebtedness is issued, the debt service coverage for the 2021 Bonds will be diluted below what it otherwise would be if the Parity Bonds were not issued. Moreover, there is no assurance that the assumptions that form the basis of such projections, if any, will be actually realized subsequent to the date of such projections. If such assumptions are not realized, the amount of future LAVWMA Net Revenues may be less than projected, and the actual amount of LAVWMA Net Revenues may be insufficient to provide for the payment of debt service on the 2021 Bonds and such additional indebtedness.

In addition, the Sewer Service Contract does not place any limits on the ability of the Members to incur additional indebtedness payable from Members' Net Revenues. The Members' covenants in the Sewer Service Contract (see "SECURITY FOR THE 2021 BONDS - Rate Covenants") are intended to ensure that the Members will have sufficient Member Net Revenues to satisfy their obligations under the Sewer Service Contract as well as their other Obligations.

Loss of Tax Exemption

As discussed in the section entitled "TAX MATTERS," interest on the 2021 Bonds could become includable in gross income for purposes of federal income taxation, retroactive to the date of issuance, as a result of acts or omissions of LAVWMA or the Members subsequent to issuance in violation of their covenants applicable to the 2021 Bonds. Should interest become includable in gross income, the 2021 Bonds are not subject to redemption by reason thereof and may remain outstanding. The 2021 Bonds are subject to redemption for other reasons as discussed in the section entitled "THE 2021 BONDS - Redemption."

THE MUNICIPAL ADVISOR

The material contained in this Official Statement was prepared by LAVWMA with the assistance of the Municipal Advisor who advised LAVWMA as to the financial structure and certain other financial matters relating to the 2021 Bonds. The information set forth herein received from sources other than the Members has been obtained by LAVWMA from sources which are believed to be reliable, but such information is not guaranteed by Municipal Advisor as to accuracy or completeness, nor has it been independently verified. Fees payable to the Municipal Advisor are contingent upon the sale and delivery of the 2021 Bonds.

CONTINUING DISCLOSURE

LAVWMA and the Members have each covenanted for the benefit of the holders and beneficial owners of the 2021 Bonds to provide certain financial information and operating data by not later than the April 1 following the end of LAVWMA's fiscal year (presently June 30) (the "**Annual Reports**"), commencing with the report for fiscal year 2020-21, and to provide notices of the occurrence of certain enumerated events. The Annual Reports and notices of enumerated events will be filed with the Municipal Securities Rulemaking Board (the "**MSRB**"). The specific nature of the information to be contained in the Annual Reports and the notice of enumerated events is set forth in APPENDIX E - "PROPOSED FORMS OF CONTINUING DISCLOSURE CERTIFICATES." These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

LAVWMA. [TO BE UPDATED PRIOR TO POSTING] LAVWMA has not failed to comply in all material respects with an undertaking under the Rule in the previous five years.

DSRSD. [TO BE UPDATED PRIOR TO POSTING] Within the last five years, DSRSD failed to comply with certain continuing disclosure undertakings relating to its 2011 Water Revenue Refunding Bonds ("**2011 DSRSD Bonds**") and the 2011 Bonds. The failures to comply consisted of the following:

- (i) For the 2011 DSRSD Bonds,
 - (1) the District filed portions of its annual reports up to nearly two years late for fiscal year 2016; and
 - (2) a listed event notice was filed late for a rating change following an upgrade in the District's rating.
- (ii) For the 2011 Bonds, a listed event notice was filed late for a rating change following an upgrade in the LAVWMA's rating.

The District adopted a Debt Disclosure Policy (the "**Debt Disclosure Policy**") on July 18, 2017, which designates the Treasurer of the District as the District's disclosure coordinator (the "**Disclosure Coordinator**"). Under the Debt Disclosure Policy, the Disclosure Coordinator is responsible for establishing a system (which may involve the retention of one or more consultants) by which the District will (i) make the annual filings required by its continuing disclosure undertakings on a complete and timely basis and (ii) file notices of enumerated events on a timely basis. The Debt Disclosure Policy also requires that the Disclosure Coordinator ensure that the members of the District's staff involved in the continuing disclosure process are properly trained to understand and perform their responsibilities.

Livermore. [TO BE UPDATED PRIOR TO POSTING] Livermore and its related entities, most notably the Successor Agency to the Livermore Redevelopment Agency ("**Livermore Successor Agency**"), have not complied in the past five years with all of their obligations established by previous continuing disclosure undertakings. Specifically, (i) the Livermore Successor Agency's audit and operating data were not timely filed for fiscal year 2015-16 and (ii) certain of Livermore's operating data was not timely filed for fiscal 2016-17, as required by certain undertakings.

Pleasanton. [TO BE UPDATED PRIOR TO POSTING] Pleasanton has not failed to comply in all material respects with an undertaking under the Rule in the previous five years.

NO LITIGATION

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the best knowledge of LAVWMA after reasonable investigation, threatened against LAVWMA (i) affecting the existence of LAVWMA or the titles of its officers to their respective offices or (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the 2021 Bonds or (iii) contesting or affecting, as to LAVWMA, the validity or enforceability of the 2021 Bonds, the Sewer Service Contract or the Indenture (iv) contesting the powers of LAVWMA or its authority to enter into,

adopt or perform its obligations under any of the foregoing, or (v) wherein an unfavorable decision, ruling or finding would materially adversely affect the operations or finances of LAVWMA.

Each Member will certify on the delivery date of the 2021 Bonds that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the best knowledge of the Member after reasonable investigation, threatened against the Member (i) affecting the existence of the Member or the titles of its officers to their respective offices or contesting or (ii) affecting, as to the Member, the validity or enforceability of the Sewer Service Contract or (iii) contesting the powers of the Member or its authority to enter into, adopt or perform its obligations under any of the foregoing, or (iv) wherein an unfavorable decision, ruling or finding would materially adversely affect the finances and operations of the Member.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2021 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that LAVWMA comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the 2021 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. LAVWMA has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2021 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2021 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a 2021 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2021 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2021 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2021 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2021 Bonds who purchase the 2021 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2021 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2021 Bonds with original issue

discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such 2021 Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the 2021 Bond (said term being the shorter of the 2021 Bond's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the 2021 Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a 2021 Bond is amortized each year over the term to maturity of the 2021 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2021 Bond premium is not deductible for federal income tax purposes. Owners of premium 2021 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2021 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2021 Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2021 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2021 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the 2021 Bonds, or as to the consequences of owning or receiving interest on the 2021 Bonds, as of any future date. Prospective purchasers of the 2021 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the 2021 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2021 Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the 2021 Bonds, the ownership, sale or disposition of the 2021 Bonds, or the amount, accrual or receipt of interest on the 2021 Bonds.

APPROVAL OF LEGALITY

The issuance of the 2021 Bonds is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, with respect to validity and tax exemption. Jones Hall is also acting as Disclosure Counsel to LAVWMA. Certain legal matters will be passed upon for LAVWMA by its General Counsel, Jarvis, Fay & Gibson, LLP, and for the Members by their respective counsels. Certain legal matters will be passed on for the

Underwriter by its Counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California.

Payment of the fees and expenses of Bond Counsel, Disclosure Counsel and the Municipal Advisor is contingent upon issuance of the 2021 Bonds.

RATING

S&P Global Ratings (“**S&P**”) has assigned its municipal bond rating of “_____” to the 2021 Bonds.”

The rating reflects only the view of S&P, and any desired explanation of the significance of such rating may be obtained from S&P Global Ratings. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the 2021 Bonds. Except as otherwise required in the Continuing Disclosure Certificate, none of LAVWMA nor any Member undertakes any responsibility either to bring to the attention of the owners of any 2021 Bonds any downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

UNDERWRITING

The 2021 Bonds are being sold at purchase price of \$_____ (representing the aggregate principal amount of the 2021 Bonds plus an original issue premium of \$_____ and less an underwriting discount of \$_____) pursuant to a Bond Purchase Agreement (a “**Purchase Agreement**”) entered into between LAVWMA and theand Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”). The Purchase Agreement provides that the Underwriter will purchase all of the 2021 Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter will initially offer the 2021 Bonds for sale at the prices and yields set forth on the inside front cover page of this Official Statement. Such prices or yields may subsequently change. The Underwriter reserves the right to join with dealers and other investment banking firms in offering the 2021 Bonds for sale and may offer to sell 2021 Bonds to dealers at prices lower than the initial offering prices.

MISCELLANEOUS

References made in this Official Statement to certain documents and reports are brief summaries and do not purport to be complete or definitive, and reference is made to such documents and reports for a full and complete statement of their contents.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between LAVWMA and the purchasers or registered owners of any of the 2021 Bonds. The execution and delivery of this Official Statement has been duly authorized by LAVWMA.

LIVERMORE-AMADOR VALLEY
WATER MANAGEMENT AGENCY

By: _____
General Manager

APPENDIX A

**AUDITED FINANCIAL STATEMENTS OF LAVWMA AND DSRSD; EXCERPTS OF AUDITED
FINANCIAL STATEMENTS OF LIVERMORE AND PLEASANTON**

APPENDIX B

DEMOGRAPHIC INFORMATION ON THE SERVICE AREA OF THE MEMBERS

The service area of LAVWMA includes portions of Alameda and Contra Costa Counties. LAVWMA serves the cities of Pleasanton and Livermore, and through DSRSD, the cities of Dublin and the southern portion of San Ramon. Economic and demographic information for such counties and cities is presented below. Specific information on such counties and the cities may not be representative of LAVWMA's overall service area.

Population. The following table shows the population for 2017 through 2021.

Population Alameda and Contra Costa Counties Cities of Dublin, Livermore, San Ramon and Pleasanton As of January 1					
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
ALAMEDA COUNTY	1,644,303	1,651,760	1,659,608	1,663,608	1,656,591
Dublin	59,217	61,488	63,890	65,161	64,695
Livermore	89,877	90,392	90,769	91,082	91,216
Pleasanton	76,421	78,244	78,840	78,654	78,371
CONTRA COSTA COUNTY	1,137,577	1,143,188	1,147,623	1,149,853	1,153,854
San Ramon	80,853	81,708	82,147	83,376	83,863

Source: State of California, Department of Finance.

Unemployment Rate. The table below lists average annual civilian labor force statistics and comparative unemployment rates for 2016 through 2020.

**Civilian Labor Force, Employment and Unemployment
Annual Average**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
ALAMEDA COUNTY					
Labor Force	831,800	838,700	841,500	841,100	813,800
Employment	796,000	807,700	815,700	815,900	742,400
Unemployment	35,800	31,000	25,800	25,200	71,400
Unemployment Rate	4.3%	3.7%	3.1%	3.0%	8.8%
Dublin					
Labor Force	30,400	31,100	32,500	32,500	31,400
Employment	29,300	30,100	31,600	31,700	29,300
Unemployment	1,100	1,000	900	800	2,100
Unemployment Rate	3.6%	3.2%	2.7%	2.5%	6.6%
Livermore					
Labor Force	47,600	48,200	48,400	48,500	46,000
Employment	45,900	46,800	47,100	47,300	42,700
Unemployment	1,700	1,500	1,300	1,200	3,300
Unemployment Rate	3.6%	3.1%	2.6%	2.5%	7.2%
Pleasanton					
Labor Force	40,900	41,300	41,100	41,200	38,400
Employment	39,400	40,000	40,000	40,200	36,000
Unemployment	1,500	1,300	1,100	1,000	2,400
Unemployment Rate	3.7%	3.2%	2.6%	2.5%	6.3%
CONTRA COSTA COUNTY					
Labor Force	553,200	558,200	560,300	559,700	541,300
Employment	528,400	536,700	542,200	542,100	493,200
Unemployment	24,800	21,600	18,100	17,600	48,000
Unemployment Rate	4.5%	3.9%	3.2%	3.1%	8.9%
San Ramon					
Labor Force	39,400	39,600	39,700	39,700	37,500
Employment	38,000	38,300	38,600	38,700	35,000
Unemployment	1,500	1,300	1,100	1,000	2,500
Unemployment Rate	3.8%	3.2%	2.7%	2.5%	6.7%

Source: State of California, Employment Development Department.

Personal Income. The table below summarizes the total effective buying income and the median household effective buying income for 2017 through 2021.

Personal Income As of January 1		
	<u>Total Effective Buying Income</u>	<u>Median Household Effective Buying Income</u>
ALAMEDA COUNTY		
2017	\$56,091,066	\$67,631
2018	61,987,949	73,633
2019	67,609,653	79,446
2020	72,243,436	84,435
2021	77,794,202	88,389
CONTRA COSTA COUNTY		
2017	\$39,248,375	\$69,967
2018	42,543,271	74,398
2019	46,121,254	79,603
2020	48,775,464	83,242
2021	51,959,070	87,804

Source: The Nielsen Company (US), Inc for years 2017 and 2018; Claritas, LLC for 2019 through 2021.

Major Employers. The following tables show the major employers in Alameda and Contra Costa Counties.

**Alameda County
Major Employers
As of June 2021**

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
Alameda County Law Enforcement	Oakland	Government Offices-County
Alameda County Sheriff's Dept	San Leandro	Government Offices-County
Alameda County Sheriff's Ofc	Oakland	Sheriff
Alta Bates Summit Med Ctr Alta	Berkeley	Hospitals
BART	Oakland	Transportation
California State Univ East Bay	Hayward	Schools-Universities & Colleges Academic
Dell EMC	Pleasanton	Computer Storage Devices (mfrs)
East Bay Mud	Oakland	Water & Sewage Companies-Utility
Ebmud	Oakland	Utilities
Grifols Diagnostic Solutions	Emeryville	Pharmaceutical Research Laboratories
Highland Hospital	Oakland	Hospitals
Kaiser Permanente Oakland Med	Oakland	Hospitals
Lawrence Berkeley Lab	Berkeley	Laboratories-Research & Development
Lawrence Livermore Natl Lab	Livermore	University-College Dept/Facility/Office
Lifescan Inc	Fremont	Physicians & Surgeons Equip & Supls-Mfrs
Oakland Police Patrol Div	Oakland	Police Departments
Sanfrancisco Bayarea Rapid	Oakland	Transit Lines
Transportation Dept-California	Oakland	Government Offices-State
UCSF Benioff Children's Hosp	Oakland	Hospitals
University of CA Berkeley	Berkeley	Schools-Universities & Colleges Academic
University of CA-BERKELEY	Berkeley	University-College Dept/Facility/Office
University-Ca-Berkeley Dept	Berkeley	University-College Dept/Facility/Office
Valley Care Health System	Livermore	Health Services
Washington Hospital Healthcare	Fremont	Hospitals
Western Digital Corp	Fremont	Computer Storage Devices (mfrs)

Source: State of California, Employment Development Department, from the America's Labor Market Information System (ALMIS) Employer Database, 2021 1st Edition.

**Contra Costa County
Major Employers
As of June 2021**

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
Bayer Health Care Phrmctcls	Richmond	Laboratories-Pharmaceutical (Mfrs)
Bio-Rad Laboratories Inc	Hercules	Laboratory Analytical Instruments (Mfrs)
Chevron Corp	San Ramon	Petroleum Products-Manufacturers
Chevron Global Downstream LLC	San Ramon	Petroleum Products (Whls)
Concord Naval Weapons Station	Concord	Federal Government-National Security
Contra-Costa Regional Med Ctr	Martinez	Hospitals
Department Of Veterans Affairs	Martinez	Physicians & Surgeons
Doctor's Medical Ctr	San Pablo	Hospitals
John Muir Medical Ctr	Walnut Creek	Hospitals
John Muir Medical Ctr	Concord	Hospitals
John Muir Physical Rehab	Concord	Rehabilitation Services
Kaiser Permanente	Walnut Creek	Hospitals
Kaiser Permanente Medical Ctr	Martinez	Clinics
La Raza Market	Richmond	Grocers-Retail
Muirlab	Walnut Creek	Laboratories-Medical
PMI Group Inc	Walnut Creek	Insurance-Bonds
Richmond City Offices	Richmond	Government Offices-City, Village & Twp
San Ramon Regional Medical Ctr	San Ramon	Hospitals
Shell Oil Products Co	Martinez	Oil Refiners (Mfrs)
St Mary's	Moraga	Schools-Universities & Colleges Academic
St Mary's College Of Ca	Moraga	Schools-Universities & Colleges Academic
Sutter Delta Medical Ctr	Antioch	Hospitals
Tesoro Golden Eagle Refinery	Pacheco	Oil Refiners (Mfrs)
USS-POSCO Industries	Pittsburg	Steel Mills (Mfrs)
VA Outpatient Clinic	Martinez	Physicians & Surgeons

Source: State of California, Employment Development Department, from the America's Labor Market Information System (ALMIS) Employer Database, 2021 1st Edition.

Assessed Valuation. The following table shows the assessed valuation of Dublin, Livermore, Pleasanton, San Ramon (only the portion of San Ramon in DSRSD's sewer service area) and the counties of Alameda and Contra Costa for 2016-17 to 2020-21.

**Dublin, Livermore, San Ramon, and Pleasanton
Alameda and Contra Costa Counties
Assessed Valuation**

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
ALAMEDA COUNTY					
Dublin	[on order]				
Livermore					
Pleasanton					
CONTRA COSTA COUNTY					
San Ramon ⁽¹⁾					
Unincorporated County ⁽¹⁾					

(1) Only the portion of the City and Unincorporated Area that lies within Dublin-San Ramon Services District's Sewer System service area.
Source: *California Municipal Statistics*.

Housing and Construction.

The following table shows the number of new single-family and multi-family housing units constructed in Dublin, Livermore, Pleasanton and San Ramon and the counties of Alameda and Contra Costa for the period 2015 to 2019.

**Dublin, Livermore, San Ramon, and Pleasanton
Alameda and Contra Costa Counties
New Housing Units**

	<u>Single Family Units ⁽¹⁾</u>	<u>Multi-Family Units ⁽²⁾</u>	<u>Total Units</u>
2015			
Alameda County	1,671	3,370	5,041
Dublin	414	525	939
Livermore	299	102	401
Pleasanton	86	804	890
Contra Costa County	1,909	629	2,538
San Ramon	1	64	65
2016			
Alameda County	2,348	3,171	5,519
Dublin	528	74	602
Livermore	270	176	446
Pleasanton	69	268	337
Contra Costa County	1,853	1,043	2,896
San Ramon	0	28	28
2017			
Alameda County	2,175	6,889	9,064
Dublin	672	435	1,107
Livermore	192	188	380
Pleasanton	52	66	118
Contra Costa County	1,732	272	2,004
San Ramon	0	0	0
2018			
Alameda County	1,867	6,540	8,407
Dublin	608	159	767
Livermore	116	202	318
Pleasanton	40	56	96
Contra Costa County	1,647	1,161	2,808
San Ramon	163	0	163
2019			
Alameda County	1,871	4,145	6,016
Dublin	151	58	209
Livermore	74	249	323
Pleasanton	88	31	119
Contra Costa County	1,573	1,229	2,802
San Ramon	78	20	98

(1) Includes detached, semi-detached, rowhouse, and townhouse units.

(2) Includes duplexes, 3-4-unit structures and apartment-type structures with five units or more. Also includes condominium type units in structures of more than one living unit that do not meet the definition of single-family housing.

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX C

BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the 2021 Bonds, payment of principal, interest and other payments on the 2021 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the 2021 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the 2021 Bonds (the “Issuer”) nor the trustee, fiscal agent or paying agent appointed with respect to the 2021 Bonds (the “Agent”) takes any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2021 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2021 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2021 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as

possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

APPENDIX E

PROPOSED FORMS OF CONTINUING DISCLOSURE CERTIFICATES

**FORM OF LAVWMA
CONTINUING DISCLOSURE CERTIFICATE**

**LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY
2021 SEWER REVENUE REFUNDING BONDS
(AGENCY)**

This CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) is executed and delivered by the Livermore-Amador Valley Water Management Agency (the “Agency”) in connection with the execution and delivery of the bonds captioned above (the “Bonds”). The Bonds are being executed and delivered pursuant to an Indenture of Trust, dated as of August 1, 2021 (the “Indenture”), between the Agency and U.S. Bank National Association, as trustee.

The Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means the April 1 after the end of the Agency's fiscal year (currently the fiscal year end is June 30).

“*Dissemination Agent*” means U.S. Bank National Association, or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Agency a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*Members*” means the Dublin San Ramon Services District and the Cities of Pleasanton and Livermore.

“*Member Annual Reports*” means the Annual Reports required to be filed pursuant to the Member Continuing Disclosure Certificates.

“*Member Continuing Disclosure Certificates*” means the Continuing Disclosure Certificates relating to the Bonds executed by each of the Members.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the Agency in connection with the issuance of the Bonds.

“*Participating Underwriter*” means the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing with the report for fiscal year 2020-21, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the Agency shall provide the Annual Report to the Dissemination Agent (if other than the Agency). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Agency) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Agency to determine if the Agency is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the Agency’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Agency hereunder.

(b) If the Agency does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Agency shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Agency, (1) file a report with the Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided, and (2) with respect to Member Annual Reports, file a report with the Agency certifying that the Member Annual Reports have been provided pursuant to this Disclosure Certificate, and stating the dates they were provided.

Section 4. Content of Annual Reports. The Agency’s Annual Report shall contain or incorporate by reference the following:

(a) The Agency's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Agency's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the Agency for the preceding fiscal year or as of the end of the preceding fiscal year, as applicable, substantially similar to that provided in the corresponding tables in the Official Statement:

- (i) Principal amount of the Bonds and any Parity Bonds outstanding.
- (ii) Any material changes since the later of the Official Statement or the most recent Annual Report relating to the permits, licenses, contracts and applicable regulations related to the LAVWMA Enterprise (as defined in the Official Statement).
- (iii) Description of any local initiatives that have been approved for the ballot or adopted by the voters that may materially restrict or limit development in the Agency's service area.
- (iv) A summary of debt service coverage for the most recently completed bond year (no updated projections are required) in the form of Table 2 of the Official Statement, only to the extent the related information is provided by the respective Members by March 1 immediately prior to the Annual Report Date.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the Agency shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Agency shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.

- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the Agency, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Agency, any of which affect security holders, if material.
- (16) 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.

(b) Whenever the Agency obtains knowledge of the occurrence of a Listed Event, the Agency shall, or shall cause the Dissemination Agent (if not the Agency) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the related Indenture.

(c) The Agency acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material" and that subparagraphs (a)(6) and (a)(15) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the Bonds. The Agency shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the Agency obtains knowledge of the occurrence of any of these Listed Events, the Agency will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the Agency will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Agency in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Agency, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Agency.

(e) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be U.S. Bank National Association. Any Dissemination Agent may resign by providing 30 days' written notice to the Agency.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal

requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the Agency fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Agency hereunder, and shall not be deemed to be acting in any fiduciary capacity for the Agency, the Bond holders or any other party. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the Agency for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Agency, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2021

LIVERMORE-AMADOR VALLEY
WATER MANAGEMENT AGENCY

By: _____

Name: _____

Title: _____

AGREED AND ACCEPTED:

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____

Name: _____

Title: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Livermore-Amador Valley Water Management Agency

Name of Issue: Livermore-Amador Valley Water Management Agency
 2021 Sewer Revenue Refunding Bonds

Date of Issuance: _____, 2021

NOTICE IS HEREBY GIVEN that the Agency has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate, dated _____, 2021, between the Agency and U.S. Bank National Association, as trustee. The Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

U.S. BANK NATIONAL
ASSOCIATION

By: _____
Its: _____

**FORM OF MEMBER
CONTINUING DISCLOSURE CERTIFICATE**

**LIVERMORE-AMADOR VALLEY WATER MANAGEMENT MEMBER
2021 SEWER REVENUE REFUNDING BONDS
(MEMBER)**

This CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) is executed and delivered by _____ (the “Member”) in connection with the execution and delivery of the bonds captioned above (the “Bonds”). The Bonds are being executed and delivered pursuant to an Indenture of Trust, dated as of August 1, 2021 (the “Indenture”), between the Livermore-Amador Valley Water Management Agency (the “Agency”) and U.S. Bank National Association, as trustee.

The Member covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Member for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the Member pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means the April 1 after the end of the Member’s fiscal year (currently the fiscal year end is June 30).

“*Dissemination Agent*” means U.S. Bank National Association or any successor Dissemination Agent designated in writing by the Member and that has filed with the Member a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the Agency in connection with the issuance of the Bonds.

“*Participating Underwriter*” means the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Member shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing with the report for fiscal year 2020-21, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the Member shall provide the Annual Report to the Dissemination Agent (if other than the Member). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Member) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Member to determine if the Member is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Member may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the Member's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The Member shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Member hereunder.

(b) If the Member does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Member shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Member, file a report with the Member certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

(iii) file a report with the Agency certifying that the Annual Report for the Member has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports [Pleasanton/Livermore: and Other Annual Reporting Information]. The Member's Annual Report shall contain or incorporate by reference the information described in paragraphs (a) through (d) hereof. [Pleasanton: The Member shall also be responsible for the annual reporting information described in paragraph (e) hereof.] [Livermore: The Member shall also be responsible for the annual reporting information described in paragraph (e) hereof.]

(a) The Member's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Member's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial

statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the Member for the preceding fiscal year or as of the end of the preceding fiscal year, as applicable, substantially similar to that provided in the corresponding tables in the Official Statement:

(i) Material changes in the Sewer System's permits, licenses and applicable regulations since the later of the Official Statement or the most recent Annual Report.

(ii) Dwelling Unit Equivalents and Connections by Classification of User as of June 30 of the most recently completed fiscal year, in the form of [DSRSD: Table 4] [Pleasanton: Table 13] [Livermore: Table 17] in the Official Statement.

(iii) [DSRSD: Information of the type shown in the Official Statement in Table 6 – "Revenues Generated by Regional Charges by Type of Fee and Class of User" for the most recently completed fiscal year, provided that the information in such table relating to Pleasanton shall be included only to the extent received from Pleasanton by not later than the March 1 prior to the Annual Report Date.] [Livermore: Information of the type shown in Table 19 – "Revenues by Class of User" for the most recently completed fiscal year].

(iv) Current User Charges, to the extent they have changed from information previously provided in the Official Statement or an Annual Report, as applicable.

(v) Current Connection Charges, to the extent they have changed from information previously provided in the Official Statement or an Annual Report, as applicable.

(vi) [DSRSD: For the most recently completed fiscal year, the beginning balance in the Rate Stabilization Fund, the Target Level, and the ending balance in the Rate Stabilization Fund.]

(vii) Prior fiscal year's operating results (no updated projections required) presented in the form of [DSRSD: Table 11 in the Official Statement, provided that the information in such table relating to Pleasanton shall be included only to the extent received from Pleasanton by not later than the March 1 prior to the Annual Report Date] [Pleasanton: Table 15 in the Official Statement] [Livermore: Table 23 in the Official Statement].

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the Member shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Member or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Member shall clearly identify each such other document so included by reference.

(e) [Livermore: The information relating to Livermore contained in Table 2 in the Official Statement for the most recently completed fiscal year, which shall be provided to LAVWMA for inclusion in its annual continuing disclosure report (as required pursuant to its Continuing Disclosure Certificate related to the Bonds) not later than March 1 immediately prior to the due date therefor.]

[Pleasanton: (i) The information relating to Pleasanton contained in Table 2 in the Official Statement for the most recently completed fiscal year, shall be provided to LAVWMA for inclusion in its annual continuing disclosure report (as required pursuant to its Continuing Disclosure Certificate related to the Bonds) not later than March 1 immediately prior to the due date therefor.]

(ii) The information relating to Pleasanton of the type shown in the Official Statement in Table 6 – “Revenues Generated by Regional Charges by Type of Fee and Class of User” for the most recently completed fiscal year shall be provided to DSRSD for inclusion in its annual continuing disclosure report (as required pursuant to DSRSD’s Continuing Disclosure Certificate related to the Bonds) not later than the March 1 immediately prior to the due date therefor.]

(iii) The information relating to Pleasanton of the type shown in the Official Statement in Table 11 shall be provided to DSRSD for inclusion in its annual continuing disclosure report (as required pursuant to its Continuing Disclosure Certificate related to the Bonds) not later than the March 1 immediately prior to the due date therefor.]

Section 5. Reporting of Significant Events.

(a) The Member shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.

- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the Member, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Member, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Member, any of which reflect financial difficulties.

(b) Whenever the Member obtains knowledge of the occurrence of a Listed Event, the Member shall, or shall cause the Dissemination Agent (if not the Member) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the related Indenture.

(c) The Member acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material" and that subparagraphs (a)(6) and (a)(15) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the Bonds. The Member shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the Member obtains knowledge of the occurrence of any of these Listed Events, the Member will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the Member will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Member in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or

governmental authority has assumed jurisdiction over substantially all of the assets or business of the Member, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Member.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Member’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Member shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The Member may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be U.S. Bank National Association. Any Dissemination Agent may resign by providing 30 days’ written notice to the Member.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Member may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form,

the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Member to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Member from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Member chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Member shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the Member fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Member to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Member to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Member agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Member hereunder, and shall not be deemed to be acting in any fiduciary capacity for the Member, the Bond holders or any other party. The obligations of the Member under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the Member for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Member, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2021

[MEMBER]

By: _____

Name: _____

Title: _____

AGREED AND ACCEPTED:

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____

Name: _____

Title: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Reporting Party: [Member]

Name of Issue: Livermore-Amador Valley Water Management Agency
2021 Sewer Revenue Refunding Bonds

Date of Issuance: _____, 2021

NOTICE IS HEREBY GIVEN that the Member has not provided an Annual Report with respect to the above-named Bonds as required by the Member's Continuing Disclosure Certificate with respect to such Bonds. The Member anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

U.S. BANK NATIONAL
ASSOCIATION

By: _____
Its: _____

APPENDIX F

PROPOSED FORM OF OPINION OF BOND COUNSEL