JOINT POWERS FINANCING AUTHORITY
REGULAR MEETING AGENDA

Tuesday, September 15, 2026
7:00 PM

City Council Chamber
200 Old Bernal Avenue
Pleasanton, CA 94566

The meeting will be held in-person, broadcast live on Channel 29 and streamed live for viewing at the following links TV30 https://www.tri-valleytv.org, the City's website in the Meetings portal (a red dot will indicate a live meeting) https://www.cityofpleasantonca.gov/, and the City's YouTube channel: https://www.youtube.com/user/TheCityofPleasanton.

To submit written public comment regarding an open session item on this meeting agenda visit https://onlineforms.cityofpleasantonca.gov/260426338382054. Written comments will be accepted by the City Clerk's Office until 12:00 p.m. on the day of the Council meeting and distributed to the City Council. After 12:00 p.m., comments must be provided at the meeting.

Public participation
Speak In Person: It is requested that members of the public wishing to address the City Council submit a speaker card to the City Clerk at the meeting. When public comment is opened on an agenda item, individuals may speak once per agenda item. When your name is called, please provide comment at the podium.

Speak Remotely:

- Join the meeting using this URL: https://cityofpleasanton.zoom.us/j/85145185146
- Join by phone: +1 669 444 9171
- Webinar ID: 851 4518 5146

Use the "raise hand" function once public comment is opened on an item. You will be unmuted when your name is called and you will be re-muted after the allotted time. To raise your hand, click the "raise your hand" button or *9 on your telephone. To unmute your phone, press *6.

CALL TO ORDER

• Roll Call Reso. No. JPFA 2026-22

1. Public Comment regarding items not listed on the agenda – Speakers are limited to 3 minutes.

PUBLIC HEARINGS AND OTHER MATTERS

If necessary to ensure completion of the following items, the Mayor may alter time limits.

2. Adopt a resolution approving, authorizing and directing execution of certain financing documents and actions in connection with issuing up to $16,500,000 in water revenue bonds for financing improvements to the City's water system

ADJOURNMENT

Notice

Under Government Code §54957.5, any writings/documents regarding an open session item on this agenda and items received by the City Clerk's Office by 12:00 p.m. on the day of the meeting provided to a majority of the City Council after distribution of the agenda packet will be available for public inspection on the City's website https://www.cityofpleasantonca.gov/ and also at the Pleasanton Library located at 400 Old Bernal Ave., Pleasanton, CA 94566.

Accessible Public Meetings

The City of Pleasanton provides reasonable accommodations for persons with disabilities to participate in public meetings. To make a request for a disability-related modification or accommodation, please contact the City Clerk's Office at 123 Main Street, Pleasanton, CA 94566 or (925) 931-5027 at least two business days prior to the meeting date.

JOINT POWERS FINANCING AUTHORITY AGENDA REPORT

September 15, 2026
Finance

TITLE: ADOPT A RESOLUTION APPROVING, AUTHORIZING AND DIRECTING EXECUTION OF CERTAIN FINANCING DOCUMENTS AND ACTIONS IN CONNECTION WITH ISSUING UP TO $16,500,000 IN WATER REVENUE BONDS FOR FINANCING IMPROVEMENTS TO THE CITY'S WATER SYSTEM

SUMMARY

The proposed Water Revenue Bonds (Bonds) to be issued by the Pleasanton Joint Powers Financing Authority (Authority) for an amount not to exceed $16.50 million will fund improvements to the City's water systems infrastructure and pay costs of bond issuance. The Bonds will (1) be sold via negotiated sale to Siebert Williams Shank & Co., LLC, as underwriter, (2) mature in 25 years, (3) have an interest rate not to exceed 5.5 percent, and (4) include a call provision allowing the City to redeem, at the City's option, some or all of the Bonds prior to their scheduled maturity.

This is a companion report to the action being considered by the City. This is a separate, but related, action from the authorization to issue bonds, which will be handled through the City to fund water system improvements.

BACKGROUND

The Authority is a joint exercise of powers agency formed between the City and the City's Housing Authority to assist the City with municipal financing transactions. The City Council sits as the governing body of the Authority, and City staff serve as staff of the Authority.

On May 7, 2024, the City Council approved a resolution to issue 2024 Water Revenue Bonds in a par amount of $17,275,000. The bonds were sold via negotiated sale on May 20, 2024. The bond proceeds amounted to $19,000,000, including premiums. The 2024 Water Revenue Bonds were allocated to fund the Near-Term Water Improvements Project, the feasibility and design phase of the Groundwater Supply Project, the design and initial construction of the Emergency Power Improvements Project, and other water system infrastructure improvements. As of the end of June 2026, the Near-Term Water Improvements Project was approximately 92 percent complete and is expected to be fully complete by the end of 2026. The feasibility phase of the Groundwater Supply Project is complete, the design of the Emergency Power Improvements Project is complete with construction anticipated to start by the end of 2026.

Following completion of the City's Water System Management Plan (WSMP) in 2024, the City completed a comprehensive water rate study in 2025. The study identified the need to issue approximately $35 million in additional debt financing through 2030 to implement the City's water capital improvements. The anticipated financing schedule includes approximately $15 million in FY 2026/27, $10 million in FY 2027/28, and $10 million in FY 2028/29.

The City Council adopted new water rates on October 7, 2025, for the next four years, beginning in January 2026. The adopted rates were based on revenue adjustments of 15 percent increases in each of Calendar Year 2026 and 2027, and 8 percent increases in each of Calendar Year 2028 and 2029. The water rate increases were adopted to ensure the long-term financial sustainability of the City's water utility by providing sufficient funding for daily operations, debt service, infrastructure rehabilitation and replacement, regulatory compliance, and future capital improvements identified in the Water System Management Plan. The updated rates also support appropriate reserve levels while balancing affordability, revenue stability, and water conservation objectives. The proposed issuance of debt was incorporated into the new rate increases.

On August 11, 2026, the City Council receive a presentation on debt financing regarding water improvement projects and adopted a resolution that declared its intent to reimburse itself with proceeds from the bond sale.

DISCUSSION

Project Overview

The Authority plans to issue water revenue bonds to help the City finance the acquisition, construction, and improvements to the City's water systems. The City will purchase those projects from the Authority pursuant to the Installment Sale Agreement. The proceeds will be used to finance all or a portion of the following improvements:

- Water Meter and Advanced Metering Infrastructure (AMI) System Replacement;
- Design and construction of City Groundwater Supply Project;
- Completion of construction of Water System Emergency Power Improvements;
- Annual Water Distribution System Improvements; and
- Other water system capital improvements.

As some of the projects are in active implementation using a portion of the unspent proceeds from the 2024 Water Revenue Bonds, certain costs related to the Water System capital improvement projects will be incurred before the 2026 Bonds are issued, which are expected to be reimbursed from the bond proceeds.

Because of delays in the start of the design and construction of the Groundwater Supply Project, a portion of the remaining 2024 Water Revenue Bond proceeds will instead be used to advance Phase 1 of the Water Meter and Advanced Metering Infrastructure (AMI) System Replacement Program, including proof-of-concept testing and replacement of failed water meters. Phase 1 is expected to replace approximately 20 percent of the City's meter inventory by the end of 2026. With the current project delivery schedule, staff expect to expend or encumber the 2024 Water Revenue Bond in 2027.

Financial Statement

PFM Financial Advisors LLC (PFM), the City's Municipal Advisor, has provided estimates regarding certain financial aspects of the proposed financing based on market conditions as of

August 21, 2026.

The current estimates indicate that the principal amount of the Bonds will be approximately $14.15 million (below the not-to-exceed amount of $16.5 million). The principal and interest payments, together, on the Bonds will be approximately $1.00 million each fiscal year until final maturity. The term of the Bonds will be 25 years. The Bonds are expected to sell at a premium, with proceeds expected to total about $15.2 million, including principal.

Pursuant to Government Code Section 5852.1, the following good faith estimates (obtained from the Underwriter and the Municipal Advisor) are being disclosed at a public meeting in connection with the authorization of the Bonds.

Information to be disclosed per Government Code Section 5852.1:	*Estimates as of* August 21, 2026*
True interest cost of the Bonds (the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of Bonds)	4.29%
Finance charge of the Bonds (the sum of fees and charges paid to third parties)	$264,400
Amount of proceeds received by the public body from the sale of the Bonds, less the finance charge of the bonds and any reserves or capitalized interest paid or funded with proceeds of the Bonds	$15,000,000
The total payment amount (the sum total of all debt service payments on the Bonds, plus the finance charge of the Bonds not paid from bond proceeds)	$24,650,000

** These are good faith estimates only. Final results will likely differ based on market conditions as of the actual sale date and other factors.*

Bond Documents

The financing team has prepared a set of documents for the issuance, including the documents referred to in the attached resolution and has submitted the documents, including the Preliminary Official Statement, and other related economic and financial information to S&P Global Ratings, a nationally recognized rating agency, to obtain a credit rating on the Bonds.

Credit Rating

S&P Global Ratings assigned its 'AA' rating with a Stable outlook to the 2026 Bonds, affirming the same rating on the City's existing water revenue debt. The 'AA' rating reflects S&P's view of the water system's very strong financial profile, underpinned by strong debt service coverage and the City's multi-year approved rate increase program, which S&P characterized

as a credit strength. The rating also benefits from Pleasanton's exceptionally strong economic and demographic characteristics and the City's disciplined financial management policies.

Notwithstanding the strength of the rating, the City's liquidity position is below the median for 'AA'-rated water utilities nationally. According to S&P's most recent medians data, 'AA'-rated systems carry approximately 649 days' cash on hand, while the City ended Fiscal Year 2024/25 with approximately 200 days' cash on hand and $20.9 million in unrestricted cash reserves. This difference was a key factor in S&P's September 2025 revision of the outlook from Positive to Stable, reflecting the City's cash position relative to higher-rated peers. S&P noted that the rating could be raised in the longer term should the City surpass reserve projections and achieve a liquidity position more commensurate with higher-rated peers.

Repayment Term

At the August 11, 2026, meeting, the Council directed staff to evaluate a shorter repayment schedule than 30 years to save interest costs. Staff conducted additional analysis, including 20-, 25-, and 30-year repayment terms, and concluded that a 25-year repayment term would reduce interest costs while reflecting the need for annual debt service to be balanced against three competing priorities:

- Preserving sufficient annual cash flow to fund ongoing capital projects
- Maintaining strong days' cash on hand
- Retaining capacity for planned future debt issuances

As shown in Table 1 below, the total debt service payment for a 25-year repayment term is $24.65 million, $2.84 million lower than the $27.49 million for a 30-year repayment term.

Table 1. Repayment Term Comparison

	20 Years	25 Years	30 Years
True Interest Costs	3.97%	4.29%	4.50%
Max Annual Debt Service	$1,116,000	$999,500	$928,000
Total Debt Service	$21,948,200	$24,650,000	$27,493,300

The Authority is obligated to pay the debt service on the Bonds using amounts received from the City as installment payments payable by the City under the Installment Sale Agreement. The City is obligated to pay the installment payments from the “Net Revenues” of the City’s water system. Net Revenues are defined in the legal documents to mean the gross revenues received by the City from the water system, less operations and maintenance costs of the system. The use of Net Revenues to pay the installment payments will be on parity with the City’s obligation to make payments with respect to the State Revolving Fund (SRF) Agreement executed in 2015 and 2024 Water Revenue Bonds.

The maximum amount authorized to be borrowed would be $16.5 million, including an amount necessary to cover issuance costs. The attached resolution authorizes the sale of the Bonds at a public sale and approves the form of the Preliminary Official Statement and other documents. Further, the Resolution authorizes the City Manager and the Finance Director to take any and all actions necessary to consummate the issuance of the Bonds.

Legal Structure and Financing Documents

The proposed resolution will approve the following documents. Each of the documents is presented in substantial final form and will be completed after the Bonds are priced (i.e., when the principal amount of the Bonds, the interest rates and the original issue premium or discount is determined).

- **Indenture of Trust –** The Indenture is a contract between the Authority and U.S. Bank National Association, acting as trustee for the holders of the Bonds. The Indenture specifies the trustee, dated date, maturity date or dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption and other terms of the Bonds.
- **Installment Sale Agreement –** The Installment Sale Agreement is a contract between the Authority and the City, under which the Authority agrees to provide financing for the water projects and to sell the completed water projects to the City in consideration of the payment by the City of semiannual installment payments which are sufficient to provide revenues with which to pay principal of, and interest on, the Bonds when due.
- **Bond Purchase Agreement –** The Bond Purchase Agreement is a contract among the Authority, the City and Siebert Williams Shank & Co., LLC., as underwriter, whereby the Authority agrees to sell the Bonds to the Underwriter and the Underwriter agrees to buy the Bonds from the Authority for resale to the public.
- **Preliminary Official Statement –** The Preliminary Official Statement is the offering statement used by the Underwriter to inform the marketplace of the terms of the Bonds, material information regarding the City's water system and related matters. It contains all relevant information for the investors to decide whether to purchase the Bonds.
- **Continuing Disclosure Certificate** – Contained in the Preliminary Official Statement is the form of Continuing Disclosure Certificate, which requires the City to submit annual continuing disclosure reports and notice of certain listed events to the marketplace as long as the Bonds are outstanding.

Financing Team Participants

The complex legal and financial structure of municipal debt requires issuing agencies to rely heavily upon experienced professional consultants to assist with the process. City staff assembled a team of professionals to assist the City in this transaction. All fees associated with the financing will be paid by the Bonds.

Municipal Advisor - PFM. Ensures that the issuing entity's interests are protected when the transaction is being structured and when interest rates are established on the Bonds.

Bond Counsel/Disclosure Counsel - Jones Hall. Drafts the documents required to complete the sale of bonds as well as ensures compliance with all of the legal requirements surrounding municipal debt.

Underwriter - Siebert Williams Shank & Co. Securities dealer who helps government entities bring bond issues to market by purchasing the bonds from the issuer and then reselling the bonds to investors.

Trustee - U.S. Bank: Financial institution with trust powers that is given fiduciary powers by a

bond issuer to enforce the terms of a bond indenture.

Financing Schedule

9/15/2026 City/Authority each adopts Resolution authorizing Bond Issuance

9/29/2026 Pricing - Bonds sold and interest rates established

10/13/2026 City receives Bond proceeds

OUTREACH
No outreach was conducted, as this item is an administrative matter of City business.

FISCAL IMPACT
The current estimates indicate that the par value of the Bonds will not exceed $16.5 million. The Bonds are projected to have a true interest cost of 4.29 percent in today's market. The issuance costs are estimated to be $264,400. The principal and interest payments, together, on the Bonds will be approximately $1.00 million each fiscal year until final maturity. Debt service is expected to total approximately $24.65 million over the next 25 years.

RECOMMENDATION

Adopt the attached resolution (Attachment 1) authorizing the execution and delivery of an Indenture of Trust, an Installment Sale Agreement, a Bond Purchase Agreement, and a Preliminary Official Statement (Attachments 2-5) and authorizing certain related matters regarding the Pleasanton Joint Powers Financing Authority 2026 Water Revenue Bonds.

Prepared by:	Submitted by:	Approved by:
Susan Hsieh, Director of Finance	Susan Hsieh, Director of Finance	Joe Calabrigo, Interim City Manager

Attachments:
1. Attachment 1 Resolution
2. Attachment 2 Indenture of Trust
3. Attachment 3 Installment Sale Agreement
4. Attachment 4 Bond Purchase Agreement
5. Attachment 5 Preliminary Official Statement
6. Attachment 6 Presentation Slides

RESOLUTION NO. JPFA-___

A RESOLUTION OF THE BOARD OF THE PLEASANTON JOINT POWERS FINANCING AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF WATER REVENUE BONDS IN AN AMOUNT NOT TO EXCEED $16,500,000 TO ASSIST IN FINANCING CERTAIN IMPROVEMENTS TO THE WATER SYSTEM OF THE CITY OF PLEASANTON, AND APPROVING RELATED DOCUMENTS AND ACTIONS

WHEREAS, the City of Pleasanton (the "City") and the Housing Authority of the City of Pleasanton have entered into a Joint Exercise of Powers Agreement, dated as of June 29, 1993, establishing the Pleasanton Joint Powers Financing Authority (the "Authority") for the purpose, among others, of having the Authority to issue its bonds to finance the acquisition, construction and improvement of public capital improvements; and

WHEREAS, for the purpose of raising funds necessary to finance certain improvements to the City's water system (the "Water Projects"), the Authority proposes to issue revenue bonds under the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), designated as the Pleasanton Joint Powers Financing Authority 2026 Water Revenue Bonds (the "Bonds"); and

WHEREAS, pursuant to an Installment Sale Agreement between the City and the Authority (the "Installment Sale Agreement"), the City will purchase the Water Projects from the Authority, and the Authority will use the installment payments made by the City to the Authority pursuant to the Installment Sale Agreement to pay debt service on the Bonds; and

WHEREAS, there has been prepared a Preliminary Official Statement containing information to be used in connection with the sale of the Bonds; and

WHEREAS, the information required to be obtained and disclosed pursuant to Government Code Section 5852.1 prior to the issuance of the Bonds is set forth in the staff report accompanying this Resolution; and

WHEREAS, the governing board (the "Board") of the Authority has duly considered such transactions and wishes at this time to approve the financing documents related to the Bonds and certain related actions.

NOW, THEREFORE, THE GOVERNING BOARD OF THE PLEASANTON JOINT POWERS FINANCING AUTHORITY DOES RESOLVE, DECLARE, DETERMINE AND ORDER THE FOLLOWING:

Section 1. Confirmation of Regular Meetings. In accordance with Section 7 of Resolution No. JPA-1, the regular meetings of the Authority shall continue to be held in the City Council Chambers, 200 Old Bernal Avenue, Pleasanton CA 94566, or such other place as this Board may designate from time to time, at such time as may be designated by appropriate notice. Such regular meetings shall occur on the same dates and at the same times as the regular meetings of the City Council of the City. In the event that the Chair determines that there will be no business to transact at such meeting, such meeting of the Authority shall be automatically canceled. The meeting at which this Resolution is adopted is a regular meeting.

Section 2. CEQA Finding. The Board finds that the matter is exempt pursuant to the California Environmental Quality Act (CEQA) Guidelines §15060(c)(3), as this matter is not an activity subject to CEQA because it does not meet the CEQA definition of a project. Guidelines §15378(b)(4) states that government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment do not meet that definition. Therefore, the issuance of the Pleasanton Joint Powers Financing Authority 2026 Water Revenue Bonds is not subject to CEQA.

Section 3. Issuance of Bonds. The Board hereby authorizes the issuance of the Bonds under the Act for the purpose of providing funds to finance the acquisition, construction and installation of the Water Projects. The aggregate principal amount of the Bonds shall not exceed $16,500,000.

Section 4. Approval of Related Financing Agreements. The Board hereby approves each of the following agreements relating to the issuance and sale of the Bonds, in substantially the respective forms on file with the Secretary, together with any changes therein or additions thereto deemed advisable by the Executive Director or the Treasurer (each, an "Authorized Officer"), or a designee of either of them, and the execution thereof by an Authorized Officer shall be conclusive evidence of the approval of any such changes or additions. An Authorized Officer is hereby authorized and directed for and in the name and on behalf of the Authority to execute, and the Secretary is hereby authorized and directed to attest to, if necessary, the final form of each of the following agreements:

- Indenture of Trust, between the Authority and U.S. Bank Trust Company, National Association, as trustee, setting forth the terms and provisions relating to the Bonds.

- Installment Sale Agreement, between the Authority and the City, under which the Authority agrees to provide financing for the Water Projects and to sell the completed Water Projects to the City in consideration of the payment by the City of semiannual installment payments which are sufficient to provide revenues with which to pay principal of, and interest on, the Bonds when due.

Section 5. Sale of Bonds. The Board hereby approves the sale of the Bonds by negotiation with Siebert Williams Shank & Co., LLC, as underwriter (the "Underwriter"). The Bonds shall be sold to the Underwriter under the Bond Purchase Agreement among the Authority, the City and the Underwriter, which is hereby approved in substantially the form on file with the Secretary, together with any changes therein or additions thereto deemed advisable by an Authorized Officer, and the execution thereof by an Authorized Officer shall be conclusive evidence of the approval of any such changes or additions; provided, that the Underwriter's discount shall not exceed 0.69%, and the true interest cost of the Bonds shall not exceed 5.50%. An Authorized Officer is hereby authorized and directed for and in the name and on behalf of the Authority to accept an offer from the Underwriter to purchase the Bonds from the Authority and to execute the final form of the Bond Purchase Agreement in the name of the Authority.

Section 6. Official Statement. The Board hereby approves and deems final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, a preliminary Official Statement for the Bonds in the form on file with the Secretary. An Authorized Officer is authorized, at the request of the Underwriter, to execute an appropriate certificate affirming the Authority's determination that said preliminary Official Statement has been deemed final within the meaning of said Rule. The Board approves the distribution of the preliminary Official Statement by the Underwriter to prospective investors, in substantially the form on file with the Secretary together with any changes therein or additions thereto deemed advisable by an Authorized Officer. An Authorized Officer is authorized and directed to approve any changes in or additions to a final form of an Official Statement for the Bonds, and the execution thereof by an Authorized Officer will be conclusive evidence of approval of any such changes and additions. The Board authorizes the distribution of the final Official Statement by the Underwriter, which will include final pricing information related to the Bonds.

Section 7. Official Actions. The Chair, Executive Director, Treasurer, Secretary and all other officers of the Authority are each authorized and directed in the name and on behalf of the Authority to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution. Whenever in this Resolution any officer of the Authority is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of any person serving in such role in an interim capacity or by any officer or person designated by such officer to act on his or her behalf.

Section 8. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

I, Jocelyn Kwong, Secretary of the Pleasanton Joint Powers Financing Authority, certify that the foregoing resolution was adopted by the Governing Board at a regular meeting held on the 15th day of September 2026, by the following vote:

Ayes:
Noes:
Absent:
Abstain:

_____
Jocelyn Kwong, Secretary

APPROVED AS TO FORM:

_____
Daniel G. Sodergren, General Counsel

INDENTURE OF TRUST

Dated as of October 1, 2026

between the

PLEASANTON JOINT POWERS FINANCING AUTHORITY

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

Authorizing the Issuance of

$_____
Pleasanton Joint Powers Financing Authority
2026 Water Revenue Bonds

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INDENTURE OF TRUST

This INDENTURE OF TRUST (this "Indenture"), dated as of October 1, 2026, is between the PLEASANTON JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the "Authority"), and U.S. BANK TRUST COMPANY, 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, being qualified to accept and administer the trusts hereby created (the "Trustee").

B A C K G R O U N D :

1. The City of Pleasanton (the "City") presently owns, operates and/or contracts for facilities and property for the supply, treatment and distribution of water within the service area of the City (as further defined herein, the "Water System"), and the City wishes to raise funds to finance improvements to the Water System as described in Appendix B to the hereinafter defined Installment Sale Agreement (the "2026 Water Project").

2. The Authority has been organized for the purpose of assisting the City in its public purposes, and to that end the Authority is authorized to assist the City in financing the costs of acquisition, construction and installation of the 2026 Water Project.

3. The Authority, at this time, is entering into an Installment Sale Agreement dated as of October 1, 2026 (the Installment Sale Agreement") with the City in order to finance the 2026 Water Project.

4. For the purpose of obtaining funds to finance the 2026 Water Project, the Authority has authorized the issuance of its Pleasanton Joint Powers Financing Authority 2026 Water Revenue Bonds (the "2026 Bonds"), in the aggregate principal amount of $_____ under this Indenture and under the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "Bond Law").

5. The debt service on the 2026 Bonds will be payable from Installment Payments made under the Installment Sale Agreement.

6. Repayment of the Installment Payments by the City shall be secured by a pledge of the Net Revenues of the Water System, on a parity with the pledge in favor of the holders of Parity Debt (as defined herein).

7. In order to establish and declare the terms and conditions upon which the 2026 Bonds (including Additional Bonds (as defined herein), if any and together referred to as the "Bonds"), are to be issued and to secure the payment of the principal thereof, premium (if any) and interest thereon, and to provide for the authentication and delivery of the Bonds, the Authority has authorized the execution and delivery of this Indenture.

8. The Authority has found and determines, and hereby affirms, that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special

obligations of the Authority, 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.

A G R E E M E N T :

In order to secure the payment of the principal of and the interest and redemption premium (if any) on all the Outstanding Bonds 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 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 Bonds by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the Authority and the Trustee do hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

SECTION 1.01. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms set forth in this Indenture shall have the meanings assigned to them in this Section 1.01.

"Additional Bonds" means all bonds ranking on a parity with the 2026 Bonds originally issued hereunder, issued in accordance with Section 3.06.

"Additional Payments" means the amounts payable by the City under Section 4.7 of the Installment Sale Agreement.

"Agreement" shall mean that certain Joint Exercise of Powers Agreement, dated as of June 29, 1993, by and between the City and the Housing Authority of the City of Pleasanton, creating the Authority, together with any amendments thereof and supplements thereto.

"Authority" means the Pleasanton Joint Powers Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California and the Agreement.

"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) Federal Securities;

(b) (i) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: Export-Import Bank, Farm Credit System Financial Assistance Corporation, Rural Economic Community Development Administration (formerly Farmers Home Administration), General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, U.S. Department of Housing & Urban Development, Federal Housing Administration and Federal Financing Bank. and (ii) direct obligations for 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 Fannie Mae or Federal Home Loan Mortgage Corporation (FHLMC); obligations of the Resolution Funding Corporation (REFCORP); senior debt obligations of the Federal Home Loan Bank System; and senior debt obligations of other Government Sponsored Agencies;

(c) U.S. dollar denominated deposit accounts federal funds and banker's acceptances with domestic commercial banks, which may include the Trustee, its parent holding company, if any, and their 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 or are collateralized by Federal Securities 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;

(d) 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 calendar days after the date of purchase;

(e) investments in a money market fund, including those of an affiliate of the Trustee, rated "AAAm" or "AAAm-G" or better by S&P, including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee or such holding company provide investment advisory or other management services;

(f) 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, in the highest rating category of Moody's and S&P or any successors thereto; or (ii)(A) subject to the approval of S&P, which are fully secured as to principal and interest and prepayment premium, if any, by an escrow consisting only of Federal Securities, which escrow may be applied only to the payment of such principal of and interest and prepayment premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified prepayment 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 prepayment premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the prepayment date or dates specified in the irrevocable instructions referred to above, as appropriate; and

(g) the Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

"Authorized Official" means: (a) with respect to the Authority, its Executive Director, Treasurer or any other person designated as an Authorized Official of the Authority by a Written Certificate of the Authority signed by its Executive Director or Treasurer and filed with the City and the Trustee; and (b) with respect to the City, its City Manager, Director of Finance or any other person designated as an Authorized Official of the City by a Written Certificate of the City signed by its City Manager or Director of Finance and filed with the Authority and the Trustee.

"Bond Counsel" means (a) Jones Hall LLP, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Authority of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Tax Code.

"Bond Fund" means the fund by that name established and held by the Trustee under Section 5.01.

"Bond Law" means the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code, as in effect on the Closing Date or as thereafter amended in accordance with its terms.

"Bond Registration Books" means the records maintained by the Trustee under Section 2.06 for the registration and transfer of ownership of the Bonds.

"Bond Year" means the twelve-month period beginning on April 2 in each year and ending on April 1 in the following year except that (i) the first Bond Year with respect to the 2026 Bonds shall begin on the Closing Date, and (ii) the last Bond Year with respect to the 2026 Bonds may end on a redemption date prior to maturity of the 2026 Bonds or the final maturity date of the 2026 Bonds.

"Bonds" means the Outstanding 2026 Bonds and any Outstanding Additional 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.

"City" means the City of Pleasanton, a municipal corporation duly organized and existing under the laws of the State of California.

"Closing Date" means, with respect to the 2026 Bonds, the date of delivery of the Bonds to the Original Purchaser of the 2026 Bonds.

"Continuing Disclosure Certificate" means, with respect to each series of Bonds, that certain Continuing Disclosure Certificate executed by the City and dated the date of original execution and delivery of such Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means all expenses incurred in connection with the authorization, issuance, sale and delivery of any Bonds, as and to the extent applicable, including but not limited to compensation, fees and expenses of the City, Authority 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.

"Costs of Issuance Fund" means the fund by that name established and held by the Trustee under Section 3.03.

"Debt Service" means, during any period of computation, the amount obtained for such period by totaling the following amounts:

(a) The principal amount of all Outstanding Serial Bonds payable by their terms in such period;

(b) The principal amount of all Outstanding Term Bonds scheduled to be paid or redeemed by operation of mandatory Sinking Fund Installments in such period; and

(c) The interest which would be due during such period on the aggregate principal amount of Bonds which would be Outstanding in such period if the Bonds are paid or redeemed as scheduled.

For purposes of this definition, all Variable Rate Bonds shall be deemed to bear interest as follows:

(i) Except as provided in (iii) below, Variable Rate Bonds the interest on which is excluded from gross income for purposes of federal income taxation, shall be

assumed to bear interest at 100% of the most recently published Bond Buyer "Revenue Bond Index" (or comparable index if no longer published); and

(ii) Except as provided in (iii) below, Variable Rate Bonds the interest on which is not excluded from gross income for purposes of federal income taxation, shall be assumed to bear interest at the interest rate on direct U.S. Treasury obligations with comparable maturities, plus 50 basis points; and

(iii) Variable Rate Bonds for which an interest rate swap agreement is in place providing for a synthetic fixed interest rate to maturity or for a specific term, the interest rate on such Variable Rate Bonds shall be assumed to be the synthetic fixed interest rate specified in such interest rate swap agreement for such term.

"Defeasance Obligations" means the Federal Securities listed in clause (a) of the definition thereof.

"Depository" means (a) initially, DTC, and (b) any other Securities Depositories acting as Depository under Section 2.05.

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

"DTC" means The Depository Trust Company, and its successors and assigns.

"Event of Default" means any of the events specified in Section 7.01.

"Excess Investment Earnings" means an amount required to be rebated to the United States of America under Section 148(f) of the Tax Code due to investment of gross proceeds of the Bonds at a yield in excess of the yield on the Bonds.

"Federal Securities" means, with respect to the Bonds: (a) any 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), for which the full faith and credit of the United States of America are pledged; or (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America; specifically:

U.S. treasury Obligations,
all direct or fully guaranteed obligations,
Farmers Home Administration,
General Services Administration,
Guaranteed Title IX financing,
Government National Mortgage Association (GNMA), and
State and Local Government Series.

"Fiscal Year" means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period.

"Gross Revenues" means, for each Fiscal Year, all gross income and revenue received or receivable by the City from the ownership or operation of the Water System, determined in accordance with generally accepted accounting principles, including all rates, fees, and charges (including connection fees and charges) as received by the City for the services of the Water System, and all other income and revenue howsoever derived by the City from the ownership or operation of the Water System or arising from the Water System, including all income from the deposit or investment of any money in the Water Fund or any rate stabilization fund of the City or held on the City's behalf, and any refundable deposits made to establish credit, and advances or contributions in aid of construction.

"Indenture" means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture under the provisions hereof.

"Independent Certified Public Accountant" means any certified public accountant or firm of such accountants appointed and paid by the City, and who, or each of whom-

(a) is in fact independent and not under domination of the City;

(b) does not have any substantial identity of interest, direct or indirect, with the City; and

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

"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 the City, and who, or each of whom-

(a) is in fact independent and not under domination of the City;

(b) does not have any substantial identity of interest, direct or indirect, with the City; and

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

"Information Services" means in accordance with then-current guidelines of the Securities and Exchange Commission, the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board (at http://emma.msrb.org), or such service or services as the Authority may designate in a certificate delivered to the Trustee.

"Installment Payment Date" means, with respect to any Interest Payment Date, the 3rd Business Day immediately preceding such Interest Payment Date.

"Installment Payments" means all payments required to be paid by the City on any date under Section 4.4 of the Installment Sale Agreement, including any amounts payable upon

delinquent installments and including any prepayment thereof under Section 7.2 or 7.3 of the Installment Sale Agreement, but does not include Additional Payments.

"Installment Sale Agreement" means the Installment Sale Agreement dated as of October 1, 2026, between the City and the Authority, together with any duly authorized and executed amendments thereto.

"Interest Account" means the account by that name established and held by the Trustee in the Bond Fund under Section 5.02.

"Interest Payment Dates" means each April 1 and October 1, commencing April 1, 2027, so long as any Bonds remain unpaid, provided that Variable Rate Bonds shall have such Interest Payment Dates as are specified in the Supplemental Indenture pursuant to which such Variable Rate Bonds are issued.

"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.

"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 the Authority or the City.

"Net Revenues" means, for any Fiscal Year or other period of computation, Gross Revenues for such period, less the Operations and Maintenance Costs attributable to such period.

"Nominee" means (a) initially, Cede & Co. as nominee of DTC, and (b) any other nominee of the Depository designated under Section 2.04(a).

"Operations and Maintenance Costs" means the reasonable and necessary costs paid or incurred by the City for maintaining and operating the Water System, determined in accordance with generally accepted accounting principles, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Water System in good repair and working order, and including all reasonable and necessary administrative costs of the City that are charged directly or apportioned to the operation of the Water System, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits, licenses, and charges to operate the Water System and insurance premiums; but excluding, in all cases depreciation, replacement, and obsolescence charges or reserves therefor, amortization of intangibles and other non-cash charges (for example, OPEB and pension accruals).

"Original Purchaser" means, in the case of the 2026 Bonds, Siebert Williams Shank & Co., LLC.

"Outstanding", when used as of any particular time with reference to Bonds, means, subject to the last paragraph of Section 10.01 of the Indenture, all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the Authority shall have been discharged in

accordance with Section 10.02, including Bonds (or portions thereof) described in Section 11.09; and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee under this Indenture.

"Overdue Rate" means the highest rate of interest on any of the Outstanding Bonds.

"Owner", whenever used herein with respect to a Bond, means the person in whose name the ownership of such Bond is registered on the Bond Registration Books.

"Parity Debt" means (a) the 2015 State Agreement (b) the 2024 Installment Sale Agreement, and (c) any other bonds, notes, leases, installment sale agreements or other obligations of the City payable from and secured by a pledge of and lien upon any of the Net Revenues on a parity with the Installment Payments.

"Parity Debt Instrument" means (a) the 2015 State Agreement (b) and any other resolution, trust indenture, installment sale agreement or similar instrument adopted, entered into or executed and delivered by the City, under which Parity Debt is issued or incurred.

"Principal Account" means the account by that name established and held by the Trustee in the Bond Fund under Section 5.02.

"Principal Corporate Trust Office" means such corporate trust office of the Trustee as may be designated from time to time by written notice from the Trustee to the City. Except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the corporate trust office of U.S. Bank Trust Company, National Association, in St. Paul, Minnesota or such other office or agency of the Trustee at which at any particular time, its corporate trust agency or operations shall be conducted.

"Project Costs" means, with respect to the 2026 Water Project, all costs of the acquisition, construction and installation of improvements related to the 2026 Water Project which are paid from moneys on deposit in the Project Fund, including but not limited to:

(a) all costs required to be paid to any person under the terms of any agreement for or relating to the acquisition, construction and installation of improvements related to the 2026 Water Project;

(b) obligations incurred for labor and materials in connection with the acquisition, construction and installation of improvements related to the 2026 Water Project;

(c) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect in connection with the acquisition, construction and installation of improvements related to the 2026 Water Project;

(d) all costs of engineering and architectural services, including the actual out-of-pocket costs for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees, sales commissions, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper acquisition, construction and installation of improvements related to the 2026 Water Project;

(e) any sums required to reimburse the City or the Authority for advances made for any of the above items or for any other costs incurred and for work done which are properly chargeable to the acquisition, construction and installation of improvements related to the 2026 Water Project;

(f) all financing costs incurred in connection with the acquisition, construction and installation of improvements related to the 2026 Water Project; and

(g) the interest components of the Installment Payments allocable to improvements related to the 2026 Water Project, which come due during the period of acquisition, construction and installation of improvements related to the 2026 Water Project.

"Project Fund" means the fund by that name established and held by the Trustee under Section 3.04.

"Rate Stabilization Fund" means the fund by that name established and held by the City under Section 5.12 of the Installment Sale Agreement, currently with a $0 balance.

"Record Date" means, with respect to any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

"Redemption Fund" means the fund by that name established and held by the Trustee under Section 5.05.

"Revenues" means: (a) all amounts received by the Authority or the Trustee pursuant or with respect to the Installment Sale Agreement, including, without limiting the generality of the foregoing, all of the Installment Payments (including both timely and delinquent payments, any late charges, and whether paid from any source, but excluding any Additional Payments), prepayments, insurance proceeds, condemnation proceeds, and (b) all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to this Indenture.

"Securities Depositories" means DTC; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority designates in written notice filed with the Trustee.

"Serial Bonds" means all Bonds other than Term Bonds.

"S&P" means S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, and its successors or assigns, except that if such entity 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 the City.

"Supplemental Indenture" means any indenture hereafter duly authorized and entered into between the Authority and the Trustee, supplementing, modifying or amending this Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

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

"Term" means, when used with respect to the Installment Sale Agreement, the time during which the Installment Sale Agreement is in effect, as provided in Section 4.2 thereof.

"Term Bonds" means the 2026 Bonds maturing April 1, _____, April 1, _____, April 1, _____ and April 1, _____, and any Additional Bonds identified as such in the applicable Supplemental Indenture.

"Trustee" means U.S. Bank Trust Company, National Association, a national banking association organized and existing under the laws of the United States of America, or its successor or successors, as Trustee hereunder as provided in Article VIII.

"2015 State Agreement" means the Installment Sale Agreement (Agreement No. D15-01003), dated July 3, 2015, between the City and the California State Resources Control Board, together with any amendments thereof and supplements thereto.

"2024 Installment Sale Agreement" means the Installment Sale Agreement dated as of June 1, 2024, between the City and the Authority, together with any duly authorized and executed amendments thereto.

"2026 Bonds" means the Pleasanton Joint Powers Financing Authority 2026 Water Revenue Bonds in the original principal amount of $_____.

"2026 Water Project" means the facilities, improvements and other property described more fully in Appendix B attached to the Installment Sale Agreement, as that Appendix may be amended from time to time in accordance with the Installment Sale Agreement.

"Variable Rate Bonds" means bonds that bear interest at a rate which may change from time to time.

"Water Fund" means the fund or funds established and held by the City into which Gross Revenues are deposited in accordance with Section 4.5 of the Installment Sale Agreement.

"Water System" means the entire system of the City for the treatment, production, storage and distribution of potable water and recycled water within the service area of the City, including but not limited to all facilities, properties, lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto at any time acquired, constructed or installed by the City and determined to be part of the Water System by the City.

"Written Certificate," "Written Request" and "Written Requisition" of the Authority or the City mean, respectively, a written certificate, request or requisition signed in the name of the Authority or the City by its Authorized Official. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

SECTION 1.02. Authorization. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Indenture, and has taken all actions necessary to authorize the execution hereof by the officers and persons signing it.

SECTION 1.03. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

THE 2026 BONDS

SECTION 2.01. Authorization of 2026 Bonds. The Authority has reviewed all proceedings heretofore taken 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 or be performed precedent to and in connection with the issuance of the 2026 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Authority is now duly empowered, under each and every requirement of law, to issue the 2026 Bonds in the manner and form provided in this Indenture.

The Authority hereby authorizes the issuance of the 2026 Bonds in the aggregate principal amount of $_____ under the Bond Law for the purposes of providing funds to enable the City to finance improvements related to the 2026 Water Project. The Bonds are authorized and issued under, and are subject to the terms of, this Indenture and the Bond Law. The Bonds are designated the "Pleasanton Joint Powers Financing Authority 2026 Water Revenue Bonds."

SECTION 2.02. Terms of the 2026 Bonds.

(a) Payment Provisions. The 2026 Bonds shall be issued in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof. The 2026 Bonds shall mature on April 1 in each of the years and in the amounts, and bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates, as follows:

Maturity (April 1)	Principal Amount	Interest Rate

_____
* Term Bond

Interest on the 2026 Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless:

(a) a 2026 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date,

(b) a 2026 Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or

(c) interest on any 2026 Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest is payable on each Interest Payment Date to the persons in whose names the ownership of the 2026 Bonds is registered on the Bond Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on any 2026 Bond which is not punctually paid or duly provided for on any Interest Payment Date is payable to the person in whose name the ownership of such 2026 Bond is registered on the Bond Registration Books at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than 10 days prior to such special record date.

The Trustee will pay interest on the 2026 Bonds by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the 2026 Bonds at their respective addresses shown on the Bond Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of 2026 Bonds in an aggregate principal amount of at least $1,000,000, which written request is on file with the Trustee as of any Record Date, the Trustee will pay interest on such 2026 Bonds on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which written request will remain in effect until rescinded in writing by the Owner. The Trustee will pay principal of the 2026 Bonds in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee.

SECTION 2.03. Form and Execution of 2026 Bonds. The 2026 Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, are set forth in Appendix A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

The Chair, the Executive Director or the Treasurer of the Authority shall execute, and the Secretary of the Authority may attest, each 2026 Bond. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any 2026 Bond ceases to be such officer before the Closing Date, such signature will nevertheless be as effective as if the officer had remained in office until the Closing Date. Any 2026 Bond may be signed and attested on behalf of the Authority by such persons as at the actual date of the execution of such 2026 Bond are the proper officers of the Authority, duly authorized to execute debt instruments on behalf of the Authority, although on the date of such 2026 Bond any such person was not an officer of the Authority.

Only those 2026 Bonds bearing a certificate of authentication in the form set forth in Appendix A, manually executed and dated by the Trustee, are valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee is conclusive evidence that such Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

SECTION 2.04. Transfer and Exchange of Bonds.

(a) Transfer. Any 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 a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Principal Corporate Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee shall collect any tax or other governmental charge on the transfer of any Bonds under this Section. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of like series, interest rate, maturity and aggregate principal amount. The Authority shall pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of Bonds.

(b) Exchange. The Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of the same series, interest rate and maturity. The Trustee shall collect any tax or other governmental charge on the exchange of any Bonds under this subsection (b). The Authority shall pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of Bonds.

(c) Limitations. The Trustee may refuse to transfer or exchange, under the provisions of this Section, any Bonds selected by the Trustee for redemption under Article IV, or any Bonds during the period established by the Trustee for the selection of Bonds for redemption.

SECTION 2.05. Book-Entry System.

(a) Original Delivery. The Bonds will be initially delivered in the form of a separate single fully registered bond (which may be typewritten) for each maturity of the Bonds. Upon initial delivery, the Trustee shall register the ownership of each Bond on the Bond Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Bonds shall be registered in the name of the Nominee on the Bond Registration Books.

With respect to Bonds the ownership of which shall be registered in the name of the Nominee, the Authority and the Trustee has no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Nominee holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, the Authority and the Trustee has 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 Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bond Owner as shown in the Bond Registration Books, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed if the Authority elects to

redeem the Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Bond Owner as shown in the Bond Registration Books, of any amount with respect to principal, premium, if any, or interest on the Bonds or (v) any consent given or other action taken by the Depository as Owner of the Bonds. The Authority and the Trustee may treat and consider the person in whose name each Bond is registered as the absolute owner of such Bond for the purpose of payment of principal of and premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers of ownership of such Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and the interest and premium, if any, on the 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 of and interest and premium, if any, on the Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner shall receive a Bond evidencing the obligation of the Authority to make payments of principal, interest and premium, if any, under this Indenture. Upon delivery by the Depository to the Authority of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the Authority shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, the Authority shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the 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 the Authority or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the 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, the Authority may take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. If either (i) the Depository determines not to continue to act as Depository for the Bonds, or (ii) the Authority determines to terminate the Depository as such, then the Authority shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the Authority and the Trustee in the issuance of replacement Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Bonds are to be issued. The Depository, by accepting delivery of the Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the Authority fails to identify another Securities Depository to replace the Depository, then the Bonds shall no longer be required to be registered in the Bond Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions hereof.

If the Authority determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Authority may notify the Depository System Participants of the availability of such certificated Bonds through the Depository. In such event, the Trustee will authenticate, transfer and exchange Bonds as required by the

Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the Authority shall cooperate with the Depository in taking appropriate action (y) to make available one or more separate certificates evidencing the Bonds to any Depository System Participant having 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 Bonds, all at the Authority's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Bond and all notices with respect to such 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.

SECTION 2.06. Bond Registration Books. The Trustee will keep or cause to be kept, at the Principal Corporate Trust Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall upon reasonable notice as agreed to by the Trustee, be open to inspection during regular business hours by the Authority; 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 such records, the ownership of the Bonds as hereinbefore provided.

SECTION 2.07. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond is mutilated, the Authority, at the expense of the Owner of such Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. The Trustee shall cancel every mutilated Bond surrendered to it and deliver such mutilated Bond to, or upon the order of, the Authority. If any Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory and if indemnity satisfactory to the Trustee is given, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the Trustee in connection therewith. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen will constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so 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 Bonds issued under this Indenture.

Notwithstanding any other provision of this Section, in lieu of delivering a new Bond for which principal has become due for a Bond which has been mutilated, lost, destroyed or stolen, the Trustee may make payment of such Bond in accordance with its terms upon receipt of indemnity satisfactory to the Trustee.

ARTICLE III

ISSUANCE OF 2026 BONDS; APPLICATION OF PROCEEDS

SECTION 3.01. Issuance of the 2026 Bonds. At any time after the execution of this Indenture, the Authority may execute and the Trustee shall authenticate and, upon the Written Request of the Authority, deliver the 2026 Bonds to the Original Purchaser.

SECTION 3.02. Application of Proceeds of Sale of the 2026 Bonds. Upon the receipt of payment for the 2026 Bonds on the Closing Date, the Trustee shall receive the net proceeds of sale thereof, being $_____ (constituting the par amount of the 2026 Bonds, plus original issue premium in the amount of $_____, and less an Original Purchaser's discount of $_____), which the Trustee shall apply as follows:

(a) The Trustee shall deposit the amount of $_____ in the Costs of Issuance Fund.

(b) The Trustee shall deposit the amount of $_____, constituting the remainder of such proceeds, in the Project Fund.

The Trustee may establish and maintain a temporary account or fund to facilitate and record such deposits.

SECTION 3.03. Establishment and Application of Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund" into which the Trustee shall deposit a portion of the proceeds of sale of the 2026 Bonds under Section 3.02(a). The Trustee shall disburse amounts in the Costs of Issuance Fund from time to time to pay the Costs of Issuance upon submission of a Written Requisition of the Authority, substantially in the form attached hereto as Appendix C, stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. The Trustee may conclusively rely on such Written Requisitions and shall be fully protected in relying thereon. On a date which is 90 days following the Closing Date, or upon the earlier Written Request of the Authority, the Trustee shall transfer all amounts remaining in the Costs of Issuance Fund to the Project Fund, and shall thereupon close the Costs of Issuance Fund.

SECTION 3.04. Project Fund. The Trustee will establish and maintain a separate fund to be known as the "Project Fund" into which the Trustee shall deposit a portion of the proceeds of sale of the 2026 Bonds under Section 3.02(b). Except as otherwise provided herein, moneys in the Project Fund will be used solely for the payment of the Project Costs. The Trustee will disburse moneys in the Project Fund from time to time to pay Project Costs (or to reimburse the City for payment of Project Costs) in accordance with Written Requisitions, substantially in the form attached hereto as Appendix B, filed by the City with the Trustee. Each such Written Requisition must state, with respect to each payment to be made thereby, (i) the name and address of the person to whom payment is to be made, (ii) the amount and purpose of the payment and (iii) that each payment constitutes a Project Cost not previously paid from proceeds of the Bonds. Each Written Requisition must be accompanied by an invoice or statement evidencing each payment to be made thereunder. The Trustee has no responsibility for payments made in accordance with this Section. The City shall maintain accurate records showing all disbursements from the Project Fund.

Upon the receipt by the Trustee of a Written Certificate of the City under Section 3.6 of the Installment Sale Agreement, stating that the 2026 Water Project has been completed, the Trustee shall withdraw from the Project Fund and deposit in the Interest Account all amounts remaining on deposit in the Project Fund, other than amounts estimated by the City (as identified in such Written Certificate) to be required to pay future Project Costs. Upon the filing with the Trustee of a Written Certificate of the City stating that no further amounts are intended to be requisitioned from the Project Fund, the Trustee shall thereupon close the Project Fund and transfer all remaining amounts therein to the Interest Account for payment of interest on the 2026 Bonds.

SECTION 3.05. Validity of 2026 Bonds. The recital contained in the 2026 Bonds that the same are issued under the Constitution and laws of the State of California shall be conclusive evidence of their validity and of compliance with the provisions of law in their issuance.

SECTION 3.06. Additional Bonds.

(A) In addition to the 2026 Bonds authorized to be issued under this Indenture, the Authority, may, by Supplemental Indenture, issue one or more series of Additional Bonds secured by Revenues on a parity with the 2026 Bonds, and may issue and deliver such Additional Bonds in such principal amount as shall be determined by the Authority, but only upon compliance by the Authority with the provisions of this Section, including the following specific conditions which are hereby made conditions precedent to the issuance of such Additional Bonds:

(a) The parties to this Indenture shall have executed a Supplemental Indenture which sets forth the terms and provisions of such Additional Bonds, including the establishment of such funds and accounts, which may be separate and apart from the funds and accounts established hereunder for the 2026 Bonds, as shall be necessary or appropriate;

(b) The scheduled principal and interest payable with respect to such Additional Bonds shall be payable only on Interest Payment Dates applicable to the 2026 Bonds, provide that the Interest Payment Dates with respect to Variable Rate Bonds shall be as provided in the applicable Supplemental Indenture;

(c) The Installment Sale Agreement shall have been supplemented or amended, if necessary, to (i) increase or adjust the Installment Payments due and payable on each Installment Payment Date to an amount sufficient to pay the principal, premium (if any) and interest payable with respect to all Outstanding Bonds, including all Additional Bonds as and when, if any, the same mature or become due and payable (except to the extent such principal, premium and interest may be payable out of moneys then on deposit with the Trustee in accordance with this Indenture), (ii) if appropriate, identify the additions, betterments, extensions, improvements or replacements to the Water System, or such other real or personal property, to be financed, acquired or constructed or otherwise made subject to the Installment Sale Agreement, by the preparation, execution and delivery of such Additional Bonds, and (iii) make such other revisions to the Installment Sale Agreement as are necessitated by the issuance of such Additional Bonds (provided, however, that such other revisions shall not

prejudice the rights of the Owners of Outstanding Bonds as granted them under the terms of this Indenture);

(d) There shall have been delivered to the Trustee a counterpart of the amendments required by subsection (c) hereof; and

(e) The Trustee shall have received a Written Certificate of the Authority that the requirements of Section 5.8 of the Installment Sale Agreement have been satisfied.

(B) Upon delivery to the Trustee of the foregoing instruments, the Trustee shall authenticate Additional Bonds representing the aggregate principal amount specified in such Supplemental Indenture, and such Additional Bonds shall be equally and ratably secured with all Bonds, including any Additional Bonds, theretofore prepared, executed and delivered, all without preference, priority or distinction (other than with respect to maturity, payment, prepayment or sinking fund payment (if any)) of any one Bond, including Additional Bonds, over any other; provided, however, that no provision of this Indenture shall require the City to consent to or otherwise permit the preparation, execution and delivery of Additional Bonds, it being understood and agreed that any such consent or other action of the City to permit the preparation, execution and delivery of Additional Bonds, or lack thereof, shall be in the sole discretion of the City.

(C) Whenever the Authority shall have determined to issue Additional Bonds pursuant to this Section 3.06, the Authority shall adopt a Supplemental Indenture determining that the issuance of such Additional Bonds is necessary for the purposes specified herein, specifying the principal amount of such Additional Bonds and prescribing the terms and conditions of such Additional Bonds and the funds to be established for the security and payment thereof. Before such Additional Bonds shall be issued and delivered, the Authority shall file with the Trustee a Written Certificate of the Authority certifying that the requirements set forth in Section 3.06 have been either met or provided for, together with a copy of the amendment to the Installment Sale Agreement required hereby.

(D) Nothing contained in this Section 3.06 shall restrict the ability of the City to issue Parity Debt pursuant to the Installment Sale Agreement that do not secure Additional Bonds issued pursuant to this Section 3.06 or other Parity Debt in accordance with the terms and conditions thereof.

ARTICLE IV

REDEMPTION OF BONDS

SECTION 4.01. Terms of Redemption.

(a) Optional Redemption from any Source of Available Funds. The 2026 Bonds maturing on or before April 1, _____, are not subject to optional redemption prior to their respective stated maturity dates. The 2026 Bonds maturing on or after April 1, _____, are subject to redemption in whole, or in part at the Written Request of the Authority among maturities on such basis as the Authority may designate and by lot within a maturity, at the option of the Authority, on any date on or after April 1, _____, from any available source of funds, at a redemption price equal to the principal amount of the 2026 Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

The Authority must give the Trustee written notice of its intention to redeem Bonds under this subsection (a), and the manner of selecting such Bonds for redemption from among the maturities thereof, at least 45 days prior to the redemption date, to allow sufficient time to enable the Trustee to give notice of such redemption in accordance with Section 4.03.

(b) Redemption From Proceeds of Insurance, Sale and Condemnation. The Bonds, including the 2026 Bonds, are subject to mandatory redemption, on any date, in whole, or in part on a pro rata basis among maturities, from the net proceeds of insurance, sale or condemnation credited towards the prepayment of the Installment Payments by the City under Section 7.3 of the Installment Sale Agreement. The Bonds, including the 2026 Bonds, are subject to redemption under this subsection at a redemption price equal to the principal amount represented thereby to be prepaid, without premium, together with accrued interest represented thereby to the redemption date.

(c) Mandatory Sinking Fund Redemption Relating to the 2026 Bonds. The Term Bonds shall also be subject to redemption, by lot, on April 1 in each of the years as set forth in the following table, from deposits made for such purpose pursuant to Section 5.02(b), at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof may be purchased pursuant to the succeeding paragraph of this subsection (c), in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that if some but not all of the Term Bonds have been redeemed pursuant to subsections (a) or (b) above, the total amount of all future payments pursuant to this subsection (c) with respect to such Term Bonds shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments in integral multiples of $5,000 as determined by the Authority (written notice of which determination shall be given by the Authority to the Trustee).

2026 Term Bonds Maturing April 1, _____

Sinking Fund Redemption Date (April 1)	Principal Amount To Be Redeemed

2026 Term Bonds Maturing April 1, _____

Sinking Fund Redemption Date (April 1)	Principal Amount To Be Redeemed

2026 Term Bonds Maturing April 1, _____

Sinking Fund Redemption Date (April 1)	Principal Amount To Be Redeemed

2026 Term Bonds Maturing April 1, _____

Sinking Fund Redemption Date (April 1)	Principal Amount To Be Redeemed

In lieu of redemption of the Term Bonds pursuant to the preceding paragraph, amounts on deposit in the Bond Fund (to the extent not required to be deposited by the Trustee in the Interest Account or the Principal Account pursuant to Section 5.02 during the current Bond Year) may also be used and withdrawn by the Authority, upon the Written Request of the Authority delivered to the Trustee, at any time for the purchase of such Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Authority may in its discretion determine. The par amount of any of such Term Bonds so purchased by the Authority in any twelve-month period ending on April 1 in any year shall be credited towards and shall reduce the par amount of such Term Bonds required to be redeemed pursuant to this subsection (c) on the next succeeding April 1.

SECTION 4.02. Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds of a single maturity of the same issue, the Trustee shall select the Bonds of that maturity to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. 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.

SECTION 4.03. Notice of Redemption. The Trustee shall mail notice of redemption of the Bonds by first class mail, postage prepaid, not less than 20 nor more than 60 days before any redemption date, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Bond Registration Books and to one or more Securities Depositories and to the Information Services. Each notice of redemption shall state the date of the notice, the redemption date, the place or places of redemption, whether less than all of the Bonds (or all Bonds of a single maturity) are to be redeemed, the CUSIP numbers and (in the event that not all Bonds within a maturity are called for redemption) Bond numbers of the Bonds to be redeemed and the maturity or maturities of the Bonds to be redeemed, and in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the redemption date there will become due and payable on each of said Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered. Each notice relating to a redemption pursuant to Section 4.01(a) or Section 4.01(b) shall further state that such redemption may be rescinded by the Authority on or prior to the date set for redemption. Neither the failure to receive any notice nor any defect therein shall affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

The Authority shall have the right to rescind any redemption pursuant to Section 4.01(a) or Section 4.01(b) by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default hereunder. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

SECTION 4.04. Execution of New Bonds Upon Partial Redemption of Bonds. Upon surrender of any Bonds redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered.

SECTION 4.05. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, including any applicable premium, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All Bonds redeemed under the provisions of this Article shall be canceled by the Trustee upon surrender thereof and destroyed in accordance with the retention policy of the Trustee then in effect.

ARTICLE V

REVENUES; FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

SECTION 5.01. Security for the Bonds; Bond Fund.

(a) Pledge of Revenues and Other Amounts. Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Revenues and all amounts held in any fund or account established under this Indenture (other than the Project Fund and Cost of Issuance Fund) are hereby pledged to secure the payment of the principal of and interest and premium (if any) on the Bonds in accordance with their terms and the provisions of this Indenture. Said pledge constitutes a lien on and security interest in the Revenues and such amounts and shall attach, be perfected and be valid and binding from and after the Closing Date, without the need for any physical delivery thereof or further act.

(b) Assignment to Trustee. The Authority hereby irrevocably transfers, assigns and sets over to the Trustee, without recourse to the Authority, all of its rights in the Installment Sale Agreement (excepting only the Authority's rights under Sections 4.7, 5.2 and 6.4 thereof), including but not limited to all of the Authority's rights to receive and collect all of the Installment Payments, and the Trustee hereby accepts such assignment. The Trustee is entitled to collect and receive all of the Installment Payments, and any Installment Payments collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee is also entitled to and shall, subject to the provisions of Article VIII, take all steps, actions and proceedings which the Trustee determines to be reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the Installment Sale Agreement.

(c) Deposit of Revenues in Bond Fund. All Revenues shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Bond Fund" which the Trustee shall establish, maintain and hold in trust; except that all moneys received by the Trustee and required hereunder or under the Installment Sale Agreement to be deposited in the Redemption Fund shall be promptly deposited in such fund. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture. Any surplus remaining in the Bond Fund, after payment in full of (i) the principal of and interest on the Bonds or provision therefore under Article X, and (ii) any applicable fees and expenses of the Trustee, shall be withdrawn by the Trustee and remitted to the City.

SECTION 5.02. Allocation of Revenues. On or before each Interest Payment Date, the Trustee shall transfer from the Bond Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Bond Fund), the following amounts in the following order of priority:

(a) *Deposit to Interest Account*. The Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such Interest Payment Date on all Bonds then Outstanding.

(b) *Deposit to Principal Account*. The Trustee shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds coming due and payable on each April 1, including the aggregate principal amount of the Term Bonds (if any) which are subject to mandatory sinking fund redemption on such April 1 pursuant to Section 4.01(c) or any analogous provision in a Supplemental Indenture.

SECTION 5.03. Application of Interest Account. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it comes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

SECTION 5.04. Application of Principal Account. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal amount of the Bonds on their respective maturity dates, including the aggregate principal amount of the Term Bonds (if any) which are subject to mandatory sinking fund redemption on such April 1 pursuant to Section 4.01(c) or any analogous provision in a Supplemental Indenture.

SECTION 5.05. Application of Redemption Fund. The Trustee shall establish and maintain the Redemption Fund, into which the Trustee shall deposit a portion of the Revenues received representing optional prepayments of the Installment Payments under Section 7.2 of the Installment Sale Agreement or mandatory prepayments of the Installment Payments under Section 7.3 of the Installment Sale Agreement, in accordance with a Written Request of the Authority. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and premium (if any) of the Bonds to be redeemed under Sections 4.01(a) or (b); *provided, however*, that at any time prior to the selection of Bonds for redemption, the Trustee may apply such amounts to the purchase of Bonds at public or private sale, when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as shall be directed under a Written Request of the Authority, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Bonds. All Bonds purchased under the provisions of this Section shall be canceled by the Trustee upon surrender thereof and destroyed in accordance with the retention policy of the Trustee then in effect. The Trustee shall be entitled to conclusively rely on any Written Request of the Authority received under this Section, and shall be fully protected in relying thereon.

SECTION 5.06. Investments. All moneys in any of the funds or accounts established with the Trustee under this Indenture shall be invested by the Trustee solely in Authorized Investments. Such investments shall be directed by the Authority under a Written Request of the Authority filed with the Trustee at least 2 Business Days in advance of the making of such investments. In the absence of any such directions from the Authority, the Trustee shall invest any such moneys in Authorized Investments described in clause (e) of the definition thereof. Authorized Investments purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. To the extent Authorized Investments are registrable, such Authorized Investments must be registered in the name of the Trustee.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in the Bond Fund, provided that interest earnings on amounts on deposit in the Project Fund shall be retained therein unless the Authority otherwise directs in writing. For purposes of acquiring any investments hereunder, the

Trustee may commingle funds held by it hereunder. The Trustee or any of its affiliates may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made under this Section.

The Trustee may make any investments hereunder through its own bond or investment department or trust investment department, or those of its parent or any affiliate. The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder. The Trustee is hereby authorized, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or is dealing as a principal for its own account.

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

The moneys on deposit in the funds and accounts established under this Indenture shall not be deemed "surplus" under Section 53601 of the Government Code.

SECTION 5.07. Valuation and Disposition of Investments.

(a) Except as otherwise provided in subsection (b) of this Section, the Authority covenants that all investments of amounts deposited in any fund or account created by or under this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of and valued at the Fair Market Value thereof as such term is defined in subsection (d) below. The Trustee shall have no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the Authority in any Written Request of the Authority.

(b) Except as provided in the preceding subsection (a), for the purpose of determining the amount in any fund or account established hereunder, the value of Authorized Investments credited to such fund shall be valued by the Trustee at least annually on or before April 1. The Trustee may sell or present for redemption, any Authorized Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Authorized Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from any such Authorized Investment.

(d) For purposes of this Section, the term "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, or (iii) the investment is a United States Treasury Security -- State and Local Government Series which is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

(e) To the extent of any valuations made by the Trustee hereunder, the Trustee may utilize and rely upon computerized securities pricing services that may be available to it, including those available through its regular accounting system.

ARTICLE VI

COVENANTS OF THE AUTHORITY

SECTION 6.01. Punctual Payment. The Authority shall punctually pay or cause to be paid the principal of and interest and premium (if any) on all the Bonds in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of the Revenues and other amounts pledged for such payment as provided in this Indenture.

SECTION 6.02. Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which have not been so extended. Nothing in this Section limits the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance does not constitute an extension of maturity of the Bonds.

SECTION 6.03. Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, and reserves the right to issue other obligations for such purposes.

SECTION 6.04. Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized under law to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues and other amounts purported to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms, and the Authority and the Trustee shall at all times, subject to the provisions of Article VIII and to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Bond Owners under this Indenture against all claims and demands of all persons whomsoever.

SECTION 6.05. Accounting Records. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of Bonds and all funds and accounts established under this Indenture. The Trustee shall make such books of record and account available for inspection by the Authority and the City during business hours, upon reasonable notice, and under reasonable circumstances.

SECTION 6.06. Limitation on Additional Obligations. The Authority covenants that no additional bonds, notes or other indebtedness, other than Additional Bonds, shall be issued or incurred which are payable out of the Revenues in whole or in part.

SECTION 6.07. Tax Covenants.

(a) Private Business Use Limitation. The Authority shall assure that the proceeds of the 2026 Bonds are not used in a manner which would cause the 2026 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.

(b) Federal Guarantee Prohibition. The Authority may not take any action or permit or suffer any action to be taken if the result of the same would be to cause the 2026 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(c) No Arbitrage. The Authority may not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the 2026 Bonds or of any other obligations which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date, would have caused the 2026 Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Tax Code.

(d) Maintenance of Tax Exemption. The Authority shall take all actions necessary to assure the exclusion of interest on the 2026 Bonds from the gross income of the Owners of the 2026 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 Closing Date.

(e) Rebate of Excess Investment Earnings to United States. The Authority shall calculate or cause to be calculated all amounts of excess investment earnings with respect to the 2026 Bonds which are required to be rebated to the United States of America under Section 148(f) of the Tax Code, at the times and in the manner required under the Tax Code. The Authority shall pay when due an amount equal to excess investment earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Tax Code, such payments to be made from any source of legally available funds of the Authority. The Authority shall keep or cause to be kept, and retain or cause to be retained for a period of 6 years following the retirement of the 2026 Bonds, records of the determinations made under this subsection (e).

SECTION 6.08. Enforcement of Installment Sale Agreement. The Trustee shall promptly collect all amounts (to the extent any such amounts are available for collection) due from the City under the Installment Sale Agreement. Subject to the provisions of Article VIII, the Trustee shall enforce, and take all steps, actions and proceedings which the Trustee determines to be reasonably necessary for the enforcement of all of its rights thereunder as assignee of the Authority and for the enforcement of all of the obligations of the City under the Installment Sale Agreement.

SECTION 6.09. Waiver of Laws. The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority to the extent permitted by law.

SECTION 6.10. Further Assurances. The Authority will make, execute and deliver any and all such further indentures, 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 of the rights and benefits provided in this Indenture.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

SECTION 7.01. Events of Default. The following events constitute Events of Default hereunder:

(a) Failure to pay any installment of the principal of any Bonds when due, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Failure to pay any installment of interest on the Bonds when due.

(c) Failure by the Authority to observe and perform any of the other covenants, agreements or conditions on its part contained in this Indenture or in the Bonds, if such failure has continued for a period of 60 days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the Authority by the Trustee *provided, however*, if in the reasonable opinion of the Authority the failure stated in the notice can be corrected, but not within such 60 day period, such failure shall not constitute an Event of Default if the Authority institutes corrective action within such 60 day period and thereafter diligently and in good faith cures the failure in a reasonable period of time.

(d) The commencement by the Authority of a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

(e) The occurrence and continuation of an event of default under and as defined in the Installment Sale Agreement.

SECTION 7.02. Acceleration; Other Remedies. If any Event of Default occurs, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and shall, at the written direction of the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding shall, in each case, upon receipt of indemnification satisfactory to Trustee against the costs, expenses and liabilities to be incurred in connection with such action, upon notice in writing to the Authority, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding.

The foregoing provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, the Authority shall pay to or shall deposit with the Trustee a sum sufficient to pay all principal of the Bonds maturing prior to such declaration and all matured installments of interest (if any) upon all the Bonds, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee, or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee, on behalf of the Owners of all of the Bonds, shall rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon; provided,

however, that no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, or shall impair or exhaust any right or power consequent thereon.

In addition to declaring the principal of all of the Bonds, and the interest accrued thereon, to be immediately due and payable as set forth above, the Trustee shall have the right to pursue any other remedy provided by law or in equity or otherwise after an Event of Default has occurred.

SECTION 7.03. Application of Revenues and Other Funds After Default. If an Event of Default occurs and is continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture shall be applied by the Trustee in the following order of priority:

(a) To the payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its legal counsel including outside counsel and the allocated costs of internal attorneys) incurred in and about the performance of its powers and duties under this Indenture; and

(b) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) in accordance with the provisions of this Indenture, as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate borne by the respective Bonds (to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

SECTION 7.04. Trustee to Represent Bond Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, this Indenture and applicable provisions of any law. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of this Indenture.

SECTION 7.05. Limitation on Bond Owners' Right to Sue. Notwithstanding any other provision hereof, no Owner of any Bonds has the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Installment Sale Agreement or any other applicable law with respect to such Bonds, unless (a) such Owner has 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 the Bonds then Outstanding have requested the Trustee in writing to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee has failed to comply with such request for a period of 60 days after such written request has been received by, and said tender of indemnity has been made to, the Trustee; and (e) no direction inconsistent with such written request has been given to the Trustee during such 60 day period by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

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 or under law; 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 affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Bonds, this Indenture, the Installment Sale Agreement or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

SECTION 7.06. Absolute Obligation of Authority. Nothing in Section 7.06 or in any other provision of this Indenture or in the Bonds contained affects or impairs the obligation of the Authority, which is absolute and unconditional, to pay the principal of and interest and premium (if any) on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon acceleration or call for redemption, as herein provided, but only out of the Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

SECTION 7.07. Termination of Proceedings. In case any proceedings taken by the Trustee or by any one or more Bond Owners on account of any Event of Default have been discontinued or abandoned for any reason or have been determined adversely to the Trustee or the Bond Owners, then in every such case the Authority, the Trustee, and the Bond Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Authority, the Trustee and the Bond Owners shall continue as though no such proceedings had been taken.

SECTION 7.08. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

SECTION 7.09. No Waiver of Default. No delay or omission of the Trustee or any Owner of the Bonds to exercise any right or power arising upon the occurrence of any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or to the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient by the Trustee or the Bond Owners.

ARTICLE VIII

THE TRUSTEE

SECTION 8.01. Appointment of Trustee. U.S. Bank Trust Company, National Association is hereby appointed Trustee by the Authority 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. The Authority will maintain a Trustee which is qualified under the provisions of the foregoing provisions of this Article VIII so long as any Bonds are Outstanding.

SECTION 8.02. Acceptance of Trusts; Removal and Resignation of Trustee. The Trustee hereby accepts the express 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 shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Indenture and no implied duties or covenants shall be read into this Indenture against the Trustee.

(b) The Authority may remove the Trustee at any time, unless an Event of Default has occurred and is then continuing, and shall remove the Trustee (a) if at any time requested to do so by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or (b) if at any time the Trustee ceases to be eligible in accordance with Section 8.02, or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property is appointed, or any public officer takes control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Authority and the City, and by giving the Bond Owners notice of such resignation by mail at the addresses shown on the Bond Registration Books.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee has been appointed and accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the Authority, upon its own direction or the direction of the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture, must signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and after payment by the Authority of all unpaid fees and expenses of the predecessor Trustee, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein. At the Written Request of the Authority or the

request of the successor Trustee, such predecessor Trustee shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Authority shall promptly mail or cause the successor trustee to mail a notice of the succession of such Trustee to the trusts hereunder to each rating agency which is then rating the Bonds and to the Bond Owners at the addresses shown on the Bond Registration Books. If the Authority fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Authority.

(e) Any Trustee appointed under this Indenture shall be a corporation or association organized and doing business under the laws of any state or the United States of America or the District of Columbia, shall be authorized under such laws to exercise corporate trust powers, shall have (or, in the case of a corporation or association that is a member of a bank holding company system, the related bank holding company has) a combined capital and surplus of at least $50,000,000, and shall be subject to supervision or examination by a federal or state agency, so long as any Bonds are Outstanding. If such corporation or association publishes a report of condition at least annually under law or to the requirements of any supervising or examining agency above referred to, then for the purpose of this subsection (e), the combined capital and surplus of such corporation or association shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If the Trustee at any time ceases to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

SECTION 8.03. Merger or Consolidation. Any bank, federal savings association, or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any bank, federal savings association, or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank, federal savings association, or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank, federal savings association, or trust company shall be eligible under subsection (e) of Section 8.02 shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 8.04. Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Authority, and the Trustee shall not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Indenture, the Bonds or the Installment Sale Agreement, nor shall the Trustee incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations of Trustee herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on

the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence. The Trustee may become the Owner of Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository 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 Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee is not liable for any error of judgment made by a responsible officer, unless it is proved that the Trustee was grossly negligent in ascertaining the pertinent facts.

(c) The Trustee is not liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture or assigned to it hereunder.

(d) The Trustee is not liable for any action taken by it and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder, or any other event which, with the passage of time, the giving of notice, or both, would constitute an Event of Default hereunder unless and until it shall have actual knowledge thereof, or a corporate trust officer shall have received written notice thereof at its Principal Corporate Trust Office from the City, the Authority or the Owners of at least 25% in aggregate principal amount of the Outstanding Bonds. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by the Authority or the City of any of the terms, conditions, covenants or agreements herein, under the Installment Sale Agreement or the Bonds or of any of the documents executed in connection with the Bonds, or as to the existence of a default or an Event of Default or an event which would, with the giving of notice, the passage of time, or both, constitute an Event of Default. The Trustee is not responsible for the validity, effectiveness or priority of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee shall not be required to ascertain or inquire as to the performance or observance by the City or the Authority of the terms, conditions, covenants or agreements set forth in the Installment Sale Agreement, other than the covenants of the City to make Installment Payments to the Trustee when due and to file with the Trustee when due, such reports and certifications as the City is required to file with the Trustee thereunder.

(f) No provision of this Indenture requires 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.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents, receivers or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent, receiver or attorney appointed with due care by it hereunder.

(h) The Trustee has no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of the Bond Owners under this Indenture, unless the such Owners have offered to the Trustee reasonable security or indemnity against the costs,

expenses and liabilities (including but not limited to fees and expenses of its attorneys) which might be incurred by it in compliance with such request or direction. No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy.

(i) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions of Section 8.02(a), this Section 8.04 and Section 8.05, and shall be applicable to the assignment of any rights to the Trustee hereunder.

(j) The Trustee is not accountable to anyone for the subsequent use or application of any moneys which are released or withdrawn in accordance with the provisions hereof.

(k) The Trustee makes no representation or warranty, expressed or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose for the use contemplated by the Authority or the City of the 2026 Water Project. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Installment Sale Agreement or this Indenture for the existence, furnishing or use of the 2026 Water Project.

(l) The Trustee has no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(m) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources or energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(n) The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to this Indenture of Trust, provided, however, that: (a) subsequent to such facsimile transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions, (b) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (c) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated person.

SECTION 8.05. Right to Rely on Documents. The Trustee shall be protected and shall incur no liability in acting or refraining from acting in reliance upon any notice, resolution, request, consent, order, certificate, report, opinion, bonds, requisition, facsimile transmission, electronic mail or other paper or document believed by them to be genuine and to have been signed or presented by the proper party or parties. The Trustee is under no duty to make any

investigation or inquiry as to any statements contained or matter referred to in any paper or document but may accept and conclusively rely upon the same as conclusive evidence of the truth and accuracy of any such statement or matter and shall be fully protected in relying thereon. The Trustee may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Trustee may treat the Owners of the Bonds appearing in the Bond Registration Books as the absolute owners of the Bonds for all purposes and the Trustee shall not be affected by any notice to the contrary.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate, Written Request or Written Requisition of the Authority or the City, and such Written Certificate, Written Request or Written Requisition shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture in reliance upon such Written Certificate, Written Request or Written Requisition, and the Trustee shall be fully protected in relying thereon, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

SECTION 8.06. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its respective possession and in accordance with its retention policy then in effect and shall, upon reasonable notice to Trustee, be subject to the inspection of the Authority, the City, and any Bond Owner, and their agents and representatives duly authorized in writing, during business hours and under reasonable conditions as agreed to by the Trustee.

SECTION 8.07. Compensation and Indemnification. The Authority shall pay to the Trustee from time to time, on demand, the compensation for all services rendered under this Indenture and also all reasonable expenses, advances (including any interest on advances), charges, legal (including outside counsel and the allocated costs of internal attorneys) and consulting fees and other disbursements, incurred in and about the performance of its powers and duties under this Indenture.

The Authority shall indemnify the Trustee, its officers, directors, employees and agents against any cost, loss, liability or expense whatsoever (including but not limited to fees and expenses of its attorneys) incurred without negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of this trust and this Indenture, including costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder or under the Installment Sale Agreement. As security for the performance of the obligations of the Authority under this Section, the Trustee shall have a lien prior to the lien of the Bonds upon all property and funds held or collected by the Trustee as such. The rights of the Trustee and the obligations of the Authority under this Section shall survive the resignation or removal of the Trustee or the discharge of the Bonds and this Indenture and the Installment Sale Agreement.

ARTICLE IX

MODIFICATION OR AMENDMENT HEREOF

SECTION 9.01. Amendments Permitted.

(a) Amendments With Bond Owner Consent. This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by Supplemental Indenture, which the Authority and the Trustee may enter into when the written consents of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding are filed with the Trustee. No such modification or amendment may (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture except as permitted herein, or deprive the Owners of the Bonds of the lien created by this Indenture on such Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It is not necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Indenture, but it is sufficient if such consent approves the substance thereof.

(b) Amendments Without Owner Consent. This Indenture and the rights and obligations of the Authority, of the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into without the consent of any Bond Owners if the Trustee has been furnished an opinion of counsel that the provisions of such Supplemental Indenture shall not materially adversely affect the interests of the Owners of the Bonds, including, without limitation, for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority in this Indenture contained, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority;

(ii) to cure any ambiguity, inconsistency or omission, or to cure or correct any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the Authority deems necessary or desirable, provided that such modification or amendment does not materially adversely affect the interests of the Bond Owners;

(iii) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(iv) to modify, amend or supplement this Indenture in such manner as to assure that the interest on the Bonds remains excluded from gross income under the Tax Code; or

(v) to provide for the issuance of Additional Bonds pursuant to Section 3.06 hereof, including the addition of or revision to any provisions required with respect to Variable Rate Bonds.

(c) Limitation. The Trustee is not obligated to enter into any Supplemental Indenture authorized by subsections (a) or (b) of this Section which materially adversely affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

(d) Notice of Amendments. The Authority shall deliver or cause to be delivered a draft of any Supplemental Indenture to each rating agency which then maintains a rating on the Bonds, at least 10 days prior to the effective date of such Supplemental Indenture under this Section.

SECTION 9.02. Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture under this Article IX, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Authority, the Trustee, and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 9.03. Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the execution of any Supplemental Indenture under this Article may, and if the Authority so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand on the Owner of any Bonds Outstanding at the time of such execution and presentation of his Bonds for the purpose at the Principal Corporate Trust Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand on the Owners of any Bonds then Outstanding shall be exchanged at the Principal Corporate Trust Office of the Trustee, without cost to any Bond Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same maturity.

SECTION 9.04. Amendment of Particular Bonds. The provisions of this Article IX do not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by such Owner.

ARTICLE X

DEFEASANCE

SECTION 10.01. Discharge of Indenture. If the Authority 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, irrevocably, 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 escrow, Defeasance Obligations in such amount as the Authority (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 and/or the Installment Sale Agreement, 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 has been mailed pursuant to Section 4.03 or provision satisfactory to the Trustee has been made for the mailing of such notice, then, at the election of the Authority, and notwithstanding that any of such Bonds have not been surrendered for payment, the pledge of the Revenues and other funds provided for in this Indenture with respect to such Bonds, and all other pecuniary obligations of the Authority under this Indenture with respect to all such Bonds, shall cease and terminate, except only the obligation of the Authority 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 the Authority or the City.

SECTION 10.02. Unclaimed Funds. Notwithstanding any provisions of this Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and remaining unclaimed for 2 years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Indenture), if such moneys were so held at such date, or 2 years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the Authority free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; *provided, however*, that before the repayment of such moneys to the Authority as aforesaid, the Trustee shall (at the cost of the Authority) first mail to the Owners of Bonds which have not yet been paid, at the addresses shown on the Bond Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01. Liability of Authority Limited to Revenues. Notwithstanding anything in this Indenture or in the Bonds contained, the Authority is not required to advance any moneys derived from any source other than the Revenues and other assets pledged under this Indenture for any of the purposes in this Indenture mentioned, whether for the payment of the principal of or interest on the Bonds or for any other purpose of this Indenture. Nevertheless, the Authority may, but is not required to, advance for any of the purposes hereof any funds of the Authority which may be made available to it for such purposes.

SECTION 11.02. Limitation of Rights to Parties and Bond Owners. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the City and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the City and the Owners of the Bonds.

SECTION 11.03. Funds and Accounts. Any fund or account required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with corporate trust industry standards to the extent practicable, and with due regard for the requirements of Section 6.05 and for the protection of the security of the Bonds and the rights of every Owner thereof. The Trustee may establish such funds and accounts as it deems necessary or appropriate to perform its obligations under this Indenture.

SECTION 11.04. Waiver of Notice; Requirement of Mailed Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such 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. Whenever in this Indenture any notice is required to be given by mail, such requirement may be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

SECTION 11.05. Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee, and the delivery to the Authority, of any Bonds, the Trustee may, in lieu of such cancellation and delivery, destroy such Bonds as may be allowed by law, and at the written request of the Authority the Trustee shall deliver a certificate of such destruction to the Authority.

SECTION 11.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained

herein. The Authority hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

SECTION 11.07. Notices. All notices or communications to be given under this Indenture shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, confirmed by telephone, (b) 48 hours after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority, the City or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the City or the Authority:	City of Pleasanton 123 Main Street Pleasanton, CA 94566 Attention: Director of Finance
If to the Trustee:	U.S. Bank Trust Company, National Association One California Street, Suite 1000 San Francisco, California 94111 Attention: Global Corporate Trust

SECTION 11.08. Evidence of Rights of Bond Owners. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bond Owners in person or by an 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, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and the Authority if made in the manner provided in this Section.

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 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 acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

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

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in accordance therewith or reliance thereon.

SECTION 11.09. Disqualified Bonds. 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 known by the Trustee to be owned or held by or for the account of the Authority or the City, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City or any other obligor on the Bonds. In case of a dispute as to such right, the Trustee shall be entitled to rely upon the advice of counsel in any decision by Trustee and shall be fully protected in relying thereon.

Upon request, the Authority shall specify to the Trustee those Bonds disqualified under this Section.

SECTION 11.10. Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, premium, if any, or principal due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, *subject, however*, to the provisions of Section 10.04 but without any liability for interest thereon.

SECTION 11.11. Waiver of Personal Liability. No member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal of or interest or premium (if any) on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

SECTION 11.12. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the Authority, the City 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 in this Indenture contained by or on behalf of the Authority, the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 11.13. 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 the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument. Digital signatures or other electronic indication of execution of this Indenture shall be treated the same and have the same legally binding and enforceable effect as original manual signatures.

SECTION 11.14. Payment on Non-Business Day. In the event any payment is required to be made hereunder on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and with the same effect as if made on such preceding non-Business Day.

SECTION 11.15. Governing Law. This Indenture shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the PLEASANTON JOINT POWERS FINANCING AUTHORITY has caused this Indenture to be signed in its name by its Treasurer and attested to by its Secretary, and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

PLEASANTON JOINT POWERS FINANCING AUTHORITY

By: _____
Executive Director

ATTEST:

By: _____
Jocelyn Kwong
Secretary

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, *as Trustee*

By: _____
Authorized Officer

APPENDIX A

BOND FORM

NO. R-_____ ***$_____***

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF ALAMEDA

PLEASANTON JOINT POWERS FINANCING AUTHORITY
2026 WATER REVENUE BONDS

INTEREST RATE:	MATURITY DATE:	ORIGINAL ISSUE DATE:	CUSIP:
_____%	April 1, ____	October _____, 2026	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ***_____***

The PLEASANTON JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount specified above, in lawful money of the United States of America, and to 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 or before an Interest Payment Date and after the close of business on the 15th day of the month preceding such interest payment date, in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before March 15, 2027, in which event it shall bear interest from the Original Issue Date specified 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, at the Interest Rate per annum specified above, payable semiannually on April 1 and October 1 in each year, commencing April 1, 2027 (the "Interest Payment Dates"), calculated on the basis of a 360-day year composed of twelve 30-day months.

Principal hereof and premium, if any, upon early redemption hereof are payable upon presentation and surrender hereof at the corporate trust office of U.S. Bank Trust Company, National Association, in St. Paul, Minneapolis (the "Trust Office"), as trustee (the "Trustee"). Interest hereon is payable by check of the Trustee mailed to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books of the Trustee as of the

close of business on the fifteenth day of the month preceding each Interest Payment Date (a "Record Date"), or, upon written request filed with the Trustee as of such Record Date by a registered owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account in the United States designated by such registered owner in such written request.

This Bond is not a debt of the City of Pleasanton (the "City"), the County of Alameda, the State of California, or any of its political subdivisions, and neither the City, said County, said State, nor any of its political subdivisions, is liable hereon nor in any event shall this Bond be payable out of any funds or properties of the Authority other than the Revenues.

This Bond is one of a duly authorized issue of bonds of the Authority designated as the "Pleasanton Joint Powers Financing Authority 2026 Water Revenue Bonds (the "Bonds"), in an aggregate principal amount of $_____, all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions) and all issued pursuant to the provisions of Articles 4 of Chapter 5, Division 7, Title 1 of the California Government Code, commencing with Section 6584 of said Code, and under an Indenture of Trust dated as of October 1, 2026 (the "Indenture"), between the Authority and the Trustee, and a resolution of the Authority adopted on [September 15], 2026, authorizing the issuance of the Bonds. Reference is hereby made to the Indenture (copies of which are on file at the office of the Authority) and all supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Revenues, and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Authority thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Authority to finance certain improvements to the City's Water System. This Bond and the interest and premium, if any, hereon are special obligations of the Authority, payable from the Revenues, and secured by a charge and lien on the Revenues as defined in the Indenture, consisting principally of installment payments made by the City under an Installment Sale Agreement, dated as of October 1, 2026, between the Authority and the City (the "Installment Sale Agreement"), which installment payments are secured by the Net Revenues of the Water System. As and to the extent set forth in the Indenture, all of the Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture, to the payment of the principal of and interest and premium (if any) on the Bonds and any Additional Bonds, which may be issued only in accordance with the terms of the Indenture.

The rights and obligations of the Authority and the owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the owner of each Bond so affected.

The Bonds maturing on or before April 1, _____, are not subject to optional redemption prior to their respective stated maturity dates. The Bonds maturing on or after April 1, _____, are subject to redemption in whole, or in part at the Written Request of the Authority among maturities on such basis as the Authority may designate and by lot within a maturity, at the option of the Authority, on any date on or after April 1, _____, from any available source of

funds, at a redemption price equal the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

The Bonds are also subject to redemption as a whole, or in part by lot, on any date, to the extent of any net proceeds of hazard or title insurance with respect to the Water System or any portion thereof which are not used to repair or replace the Water System pursuant to the Installment Sale Agreement, or to the extent of any net proceeds arising from the disposition of the Water System or any portion thereof in eminent domain proceedings which the City elects to be used for such purpose pursuant to the Installment Sale Agreement, at a redemption price equal to the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium.

The Bonds maturing April 1, _____, and April 1, _____ (the "Term Bonds") shall also be subject to redemption in whole, or in part by lot, on April 1 in each of the years as set forth in the following table, from deposits made for such purpose pursuant to the Indenture, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased pursuant to the Indenture, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that if some but not all of the Term Bonds have been redeemed pursuant to the optional or mandatory redemption provisions described above, the total amount of all future payments with respect to such Term Bonds shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of $5,000 as determined by the Authority (written notice of which determination shall be given by the Authority to the Trustee).

Term Bonds Maturing April 1, _____

Sinking Fund Redemption Date (April 1)	Principal Amount To Be Redeemed

Term Bonds Maturing April 1, _____

Sinking Fund Redemption Date (April 1)	Principal Amount To Be Redeemed

As provided in the Indenture, notice of redemption will be mailed by the Trustee by first class mail not less than 20 nor more than 60 days prior to the redemption date to the respective owners of any Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption or the cessation of accrual of interest thereon from and after the date fixed for redemption.

If this 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.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Trust Office, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer, a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. This Bond may be exchanged at the Trust Office for Bonds of the same tenor, aggregate principal amount, interest rate and maturity, of other authorized denominations.

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

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Authority or the Trustee for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

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

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Pleasanton Joint Powers Financing Authority has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Treasurer and attested to by the facsimile signature of its Secretary, all as of the Original Issue Date specified above.

PLEASANTON JOINT POWERS FINANCING AUTHORITY

By: _____
Susan Hsieh
Treasurer

ATTEST:

By: _____
Jocelyn Kwong
Secretary

CERTIFICATE OF AUTHENTICATION

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

Dated:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, *as Trustee*

By: _____
Authorized Signatory

FORM OF 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.

_____

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

APPENDIX B

FORM OF PROJECT FUND REQUISITION

WRITTEN REQUISITION NO.: _____

U.S. Bank Trust Company, National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Global Corporate Trust

Re: $_____ Pleasanton Joint Powers Financing Authority
2026 Water Revenue Bonds

Ladies and Gentlemen:

In accordance with the terms of that certain Indenture, dated as of October 1, 2026 (the "Indenture"), by and between you and the Pleasanton Joint Powers Financing Authority, you are hereby authorized and requested to make immediate disbursement of funds held by you in the Project Fund for Project Costs (as defined in the Indenture) pursuant to Section 3.04 of the Indenture.

You are hereby requested to pay from the Project Fund established by the Indenture, to the person(s), corporation(s) or other entity(ies) designated on Schedule A attached hereto, in payment of all or a portion of the Project Costs, as described on said Schedule.

The undersigned hereby certifies that (i) no part of the amount requested herein has been included in any other request previously filed with you; (ii) to the knowledge of the undersigned, there has not been filed with or served upon the City any notice of any lien or attachment upon or claim (except for any preliminary notice of lien as may be filed in accordance with law) affecting the right of the person, corporation or other entity stated below to receive payment of the amount stated below, which lien has not been released or will not be released simultaneously with the payment requested hereunder; and (iii) the labor, services and/or materials covered hereby have been performed upon or furnished relating to the Project Costs and the payment requested herein is due and payable under a purchase order, contract or other authorization;

Dated: _____, 20__.

CITY OF PLEASANTON

By:_____
Authorized Official

SCHEDULE A

PROJECT FUND DISBURSEMENTS

Payee Name and Address	Description of Costs	Amount

APPENDIX C

FORM OF COST OF ISSUANCE REQUISITION

$_____
Pleasanton Joint Powers Financing Authority
2026 Water Revenue Bonds

REQUISITION NO. __ OF THE AUTHORITY FOR
DISBURSEMENT FROM THE COSTS OF ISSUANCE FUND

The undersigned hereby states and certifies that:

(i) I am the duly appointed, qualified and acting _____ of the Pleasanton Joint Powers Financing Authority, a joint exercise of powers authority, duly organized and existing under and by virtue of the laws of the State of California (the "Authority"), and as such, I am familiar with the facts herein certified and am authorized to certify the same;

(ii) I am an "Authorized Official" of the Authority, as such term is defined in that certain Indenture of Trust, dated as of October 1, 2026 (the "Indenture"), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee");

(iii) pursuant to Section 3.03 of the Indenture, the Trustee is hereby requested to disburse this date, from the Costs of Issuance Fund established under the Indenture, upon receipt of an invoice from each of the payees designated on Schedule A attached hereto and by this reference incorporated herein, the amount set forth in such invoice but no more than the amount set forth opposite each such payee, in payment of Costs of Issuance described on said Schedule A, and all such payments shall be made by check or wire transfer in accordance with payment instructions contained in Schedule A or the invoice submitted in accordance therewith and the Trustee shall have no duty or obligation to authenticate such payment instructions or the authorization thereof;

(iv) each obligation identified on the attached Schedule A has been properly incurred, is a proper charge against the Costs of Issuance Fund and has not been the basis of any previous disbursement; and

(v) attached hereto is an invoice or other evidence supporting the amounts due as identified on Schedule A.

Capitalized terms used herein and not otherwise defined have the meanings given them in the Indenture.

Dated: _____, 2026

PLEASANTON JOINT POWERS FINANCING AUTHORITY

By: _____

_____

_____

SCHEDULE 1

COSTS OF ISSUANCE DISBURSEMENTS

Payee Name and Address	Purpose of Obligation	Amount*

Total:

Amount of Original Deposit:

Amount Remaining after Initial Disbursements:

* Not to exceed amount; payment to be made only upon submission of an invoice.

INSTALLMENT SALE AGREEMENT

Dated as of October 1, 2026

between the

PLEASANTON JOINT POWERS FINANCING AUTHORITY,
as Seller

and the

CITY OF PLEASANTON,
as Purchaser

Relating to

$_____
Pleasanton Joint Powers Financing Authority
2026 Water Revenue Bonds

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INSTALLMENT SALE AGREEMENT

This INSTALLMENT SALE AGREEMENT (this "Agreement"), dated as of October 1, 2026, is between the PLEASANTON JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), as seller, and the CITY OF PLEASANTON, a municipal corporation duly organized and existing under the laws of the State of California (the "City"), as purchaser.

B A C K G R O U N D :

1. The City presently owns, operates and/or contracts for facilities and property for the supply, treatment and distribution of water within the service area of the City (as further defined herein, the "Water System"), and the City wishes to raise funds to finance improvements to the Water System as described in Appendix B hereto (the "2026 Water Project").

2. The Authority has been organized for the purpose of assisting the City in its public purposes, and to that end the Authority is authorized to assist the City in financing the costs of acquisition, construction and installation of the Project.

3. In order to provide funds to finance the acquisition, construction and installation of the Project, the Authority has proposed to sell the Project to the City on an installment basis, and the City has proposed to purchase the Project from the Authority as provided in this Agreement.

4. The Authority will provide the necessary funds for the acquisition, construction and installation of the Project by issuing its Pleasanton Joint Powers Financing Authority 2026 Water Revenue Bonds (the "2026 Bonds"), in the aggregate principal amount of $_____ under an Indenture of Trust dated as of October 1, 2026, by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Indenture"), and under the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "Bond Law").

5. The debt service on the 2026 Bonds will be payable from Installment Payments made by the City to the Authority under this Agreement.

6. Repayment of the Installment Payments by the City shall be secured by a pledge of the Net Revenues of the Water System, on a parity with the pledge in favor of the holders of Parity Debt (as defined herein).

7. The Authority and the City have both duly authorized the execution and delivery of this Agreement.

A G R E E M E N T :

In consideration of the foregoing and the material covenants hereinafter contained, the City and the Authority formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS; RULES OF INTERPRETATION

SECTION 1.1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Agreement have the respective meanings given them in Article I of the Indenture.

SECTION 1.2. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

SECTION 2.1. Representations, Covenants and Warranties of the City. The City represents, covenants and warrants to the Authority and the Trustee as follows:

(a) Due Organization and Existence. The City is a municipal corporation duly organized and validly existing under the laws of the State of California, has full legal right, power and authority under said laws to enter into this Agreement and to carry out and consummate all transactions contemplated hereby and thereby, and by proper action the City Council has duly authorized the execution and delivery of this Agreement.

(b) Due Execution. The officers of the City executing this Agreement are fully authorized to execute the same.

(c) Valid, Binding and Enforceable Obligations. This Agreement has been duly authorized, executed and delivered by the City and constitutes the legal, valid and binding agreement of the City enforceable against the City in accordance with its terms; except as the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and except as such enforceability may be subject to the exercise of judicial discretion in accordance with principles of equity.

(d) No Conflicts. The execution and delivery of this Agreement, the consummation of the transactions herein contemplated and the fulfillment of or compliance with the terms and conditions hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the City is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially adversely affect the consummation of the transactions contemplated by this Agreement or the financial condition, assets, properties or operations of the City, including but not limited to the performance of the City's obligations under this Agreement.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Indenture, or the consummation of any transaction herein contemplated, except as have been obtained or made and as are in full force and effect.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the City after reasonable investigation, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Indenture, or upon the financial condition, assets, properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially adversely affect the consummation of the transactions contemplated by this Indenture, or the financial conditions, assets, properties or operations of the City, including but not limited to the payment and performance of the City's obligations under this Indenture.

(g) Encumbrances. There are no easements, encumbrances or interests with respect to the Water System or the Project that prohibit or materially impair the execution, delivery and performance of this Installment Sale Agreement or the acquisition or use of the Project or the use of the Water System.

SECTION 2.2. Representations, Covenants and Warranties of Authority. The Authority represents, covenants and warrants to the City and the Trustee as follows:

(a) Due Organization and Existence. The Authority is a joint exercise of powers authority organized and existing under the laws of the State of California, and has power to enter into this Agreement and the Indenture and to

perform the duties and obligations imposed on it hereunder and thereunder. The Board of the Authority has duly authorized the execution and delivery of this Agreement and the Indenture.

(b) Due Execution. The representatives of the Authority executing this Agreement and the Indenture are fully authorized to execute the same.

(c) Valid, Binding and Enforceable Obligations. This Agreement and the Indenture have been duly authorized, executed and delivered by the Authority and constitute the legal, valid and binding agreements of the Authority, enforceable against the Authority in accordance with their respective terms; except as the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and except as such enforceability may be subject to the exercise of judicial discretion in accordance with principles of equity.

(d) No Conflicts. The execution and delivery hereof and of the Indenture, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Authority is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Authority, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially adversely affect the consummation of the transactions contemplated hereby and by the Indenture or the financial condition, assets, properties or operations of the Authority, including but not limited to the performance of the Authority's obligations under this Agreement and the Indenture.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the Authority, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery hereof or of the Indenture, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the Authority after reasonable investigation, threatened against or affecting the Authority or the assets, properties or operations of the Authority which, if determined adversely to the Authority or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Agreement or the Indenture, or upon the financial condition, assets, properties or operations of the Authority, and the Authority is not in default with respect to any

order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially adversely affect the consummation of the transactions contemplated by this Agreement or the Indenture or the financial conditions, assets, properties or operations of the Authority, including but not limited to the performance of the Authority's obligations hereunder and under the Indenture.

(g) Encumbrances. To the best knowledge of the Authority, there are no easements, encumbrances or interests with respect to the Water System or the Project that prohibit or materially impair the execution, delivery and performance of this Installment Sale Agreement or the acquisition or use of the Project or the use of the Water System.

ARTICLE III

ISSUANCE OF 2026 BONDS; CONSTRUCTION OF PROJECT

SECTION 3.1. The 2026 Bonds. The Authority shall cause the 2026 Bonds to be issued under the Indenture in the aggregate principal amount of $_____. The Trustee shall deposit the proceeds of sale of the 2026 Bonds received by it on the Closing Date in accordance with the Indenture. The City hereby approves the Indenture, the assignment thereunder to the Trustee of certain rights of the Authority, and the issuance of the 2026 Bonds.

SECTION 3.2. Deposit and Application of Funds. The proceeds received by the Trustee from the sale of the Bonds to the Original Purchaser shall be deposited in the respective funds and accounts, and in the respective amounts, as set forth in Section 3.02 of the Indenture.

SECTION 3.3. Acquisition and Construction of the Project. The Authority hereby agrees with due diligence to supervise and provide for, or cause to be supervised and provided for, the acquisition, construction and installation of the Project in accordance with the plans and specifications, purchase orders, construction contracts and other documents relating thereto and approved by the City under all applicable requirements of law. All contracts for, and all work relating to, the acquisition, construction and installation of the Project are subject to all applicable provisions of law relating to the acquisition and construction of public works by the City. The failure of the Authority to complete the Project by that date does not constitute an Event of Default hereunder or grounds for termination hereof, nor does any such failure result in the diminution, abatement or extinguishment of the obligations of the City hereunder to pay the Installment Payments when due hereunder.

SECTION 3.4. Appointment of City as Agent. The Authority hereby appoints the City as its agent to carry out all phases of the acquisition, construction and installation of the Project under and in accordance with the provisions hereof. The City hereby accepts such appointment and assumes all rights, liabilities, duties and responsibilities of the Authority regarding the acquisition, construction and installation of the Project. As agent of the Authority hereunder, the City shall enter into, administer and enforce all purchase orders or other contracts relating to the Project. Payment of Project Costs shall be made by the City from amounts held by the Trustee

in the Project Fund in accordance with the provisions of this Agreement and the provisions of the Indenture.

SECTION 3.5. Plans and Specifications. The City has the right to specify the exact scope, nature and identification of the Project and the respective components thereof. Before any payment is made for the Project or any component thereof from amounts on deposit in the Project Fund, the City must prepare detailed plans and specifications relating thereto. The City may from time to time amend any such plans and specifications, and thereby change or modify the description of the Project or any component thereof.

SECTION 3.6. Certificate of Completion. Upon the completion of the Project, but in any event not later than 30 days following such completion, an Authorized Representative of the City shall execute and deliver to the Authority and the Trustee a Written Certificate of the City which (a) states that the construction of the Project has been substantially completed, (b) identifies the total Project Costs thereof, and (c) identifies the amounts, if any, to be reserved in the Project Fund for payment of future Project Costs.

ARTICLE IV

SALE OF PROJECTS; INSTALLMENT PAYMENTS

SECTION 4.1. Sale of Project. The Authority hereby sells, bargains and conveys the Project to the City, and the City hereby purchases the Project from the Authority, upon the terms and conditions set forth in this Agreement.

SECTION 4.2. Term. The Term of this Agreement commences on the Closing Date, and ends on April 1, 2057, or such later or earlier date on which the Bonds cease to be Outstanding under and within the meaning of the Indenture.

SECTION 4.3. Title. Title to the Project, and each component thereof, shall be deemed conveyed by the Authority to and vested in the City upon the completion of the acquisition, construction and installation thereof. The Authority and the City will execute, deliver and cause to be recorded any and all documents reasonably required by the City to consummate the transfer of title to the Water System and the Project.

SECTION 4.4. Installment Payments.

(a) Obligation to Pay. The City hereby agrees to pay to the Authority, as the purchase price of the Project hereunder, the aggregate principal amount of $_____, together with interest (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof, payable in semiannual installment payments in the respective amounts and on the respective Installment Payment Dates specified in Appendix A hereto.

The City shall deposit the Installment Payment coming due and payable on any Interest Payment Date with the Trustee, as assignee of the Authority under the Indenture, on the related Installment Payment Date (as set forth in Appendix A hereto) in an amount which, together with amounts then held by the Trustee in the Bond Fund, is equal to the full amount of such

Installment Payment. The Installment Payments are secured by and payable solely from the sources specified in Section 4.5.

(b) Effect of Prepayment. If the City prepays all remaining Installment Payments in full under Section 7.2 or Section 7.3, or under the relevant provisions of any Supplemental Agreement, the City's obligations under this Agreement shall thereupon cease and terminate, including but not limited to the City's obligation to pay Installment Payments therefor under this Section 4.4; *provided, however,* that the City's obligations to compensate and indemnify the Trustee under Sections 4.7 and 5.2 will survive such prepayment. If the City prepays the Installment Payments in part but not in whole under Section 7.2 or Section 7.3, or under the relevant provisions of any Supplemental Agreement, the principal component of each succeeding Installment Payment will be reduced as provided in such Sections or in such Supplemental Agreement, and the interest component of each remaining Installment Payment will be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Bonds thereby redeemed under the applicable provisions of the Indenture.

(c) Rate on Overdue Payments. If the City fails to make any of the payments required in this Section 4.4 and Section 4.8, the payment in default will continue as an obligation of the City until fully paid, and the City agrees to pay the same with interest thereon, from the date of default to the date of payment, at the Overdue Rate.

(d) Assignment. The City understands and agrees that certain rights of the Authority, including but not limited to the right of the Authority to receive payment of the Installment Payments, have been assigned by the Authority to the Trustee in trust under the Indenture, for the benefit of the Owners of the Bonds, and the City hereby consents to such assignment. The Authority hereby directs the City, and the City hereby agrees, to pay to the Trustee at its Principal Corporate Trust Office, all payments payable by the City under this Section 4.4 and all amounts payable by the City under Article VII.

SECTION 4.5. Pledge and Application of Net Revenues.

(a) Pledge of Net Revenues. All of the Net Revenues and all moneys on deposit in the Water Fund and the funds and accounts established and held by the Trustee under the Indenture (other than the Project Fund and Cost of Issuance Fund) are hereby irrevocably pledged, charged and assigned to the punctual payment of the Installment Payments. Such pledge, charge and assignment constitute a lien on the Net Revenues and such other moneys for the payment of the Installment Payments in accordance with the terms hereof, on a parity with the pledge and lien which secures any Parity Debt.

(b) Deposit of Net Revenues Into Water Fund; Transfers to Make Payments. The City will establish and hold in trust the Water Fund, for the purposes and uses set forth herein. The City shall deposit all of the Gross Revenues in the Water Fund immediately upon receipt. The City shall apply amounts in the Water Fund as set forth in this Agreement and any Parity Debt Instruments. Amounts on deposit in the Water Fund shall be applied by the City to pay when due the following amounts in the following order of priority:

(i) all Operations and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operations and Maintenance Costs) as such Operations and Maintenance Costs become due and payable;

(ii) to the Trustee (or other recipient set forth in a Parity Debt Instrument) the amount needed to pay the Installment Payments and principal of, and interest on, any Parity Debt;

(iii) to the Trustee (or other recipient set forth in a Parity Debt Instrument) the amount of any deficiency in any reserve fund established for any Bonds or Parity Debt, the notice of which deficiency has been given to the City in accordance with the Indenture and the related Parity Debt Instruments, on a pro rata basis; and

(iv) as long as all of the foregoing payments, allocations and transfers are made at the times and in the manner set forth above, any moneys remaining in the Water Fund may at any time be treated as surplus and applied for any lawful purpose.

(c) No Preference or Priority. Payment of the Installment Payments and the principal of and interest on any Parity Debt shall be made without preference or priority among the Installment Payments and such Parity Debt. If the amount of Net Revenues on deposit in the Water Fund is at any time insufficient to enable the City to pay when due the Installment Payments and the principal of and interest on any Parity Debt, such payments shall be made on a pro rata basis.

SECTION 4.6. Special Obligation of the City; Obligations Absolute. The City's obligation to pay the Installment Payments and any other amounts coming due and payable hereunder is a special obligation of the City limited solely to the Net Revenues. Under no circumstances is the City required to advance moneys derived from any source of income other than the Net Revenues and other sources specifically identified herein for the payment of the Installment Payments and such other amounts. No other funds or property of the City are liable for the payment of the Installment Payments and any other amounts coming due and payable hereunder.

The obligations of the City to pay the Installment Payments from the Net Revenues and to perform and observe the other agreements contained herein are absolute and unconditional and are not subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach by the Authority or the Trustee of any obligation to the City or otherwise with respect to the Water System, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the City by the Authority or the Trustee. Until all of the Installment Payments, all of the Additional Payments and all other amounts coming due and payable hereunder are fully paid or prepaid, the City (a) will not suspend or discontinue payment of any Installment Payments, Additional Payments or such other amounts, (b) will perform and observe all other agreements contained in this Agreement, and (c) will not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Water System, failure to complete the acquisition and construction of the Project by the estimated completion date thereof, sale of the Water System, the taking by eminent domain of title to or temporary use of any component of the Water System, commercial frustration of purpose, any change in the tax law or other laws of the United States of America or the State of California or any political subdivision of either thereof, or any failure of the Authority or the Trustee to perform and observe any agreement, whether express

or implied, or any duty, liability or obligation arising out of or connected with the Indenture or this Agreement.

The foregoing provisions of this Section 4.6 do not release the Authority from the performance of any of the agreements on its part contained herein or in the Indenture, and if the Authority fails to perform any such agreements, the City may institute such action against the Authority as the City deems necessary to compel performance, so long as such action does not abrogate the obligations of the City contained in the preceding paragraph. The City may, however, at its cost and expense and in its name or in the name of the Authority, prosecute or defend any action or proceeding or take any other action involving third persons which the City deems reasonably necessary in order to secure or protect the City's rights hereunder, and in such event the Authority shall cooperate fully with the City and shall take such action necessary to effect the substitution of the City for the Authority in such action or proceeding as the City may request.

SECTION 4.7. Additional Payments. In addition to the Installment Payments, the City shall pay when due the following amounts to the following parties:

(a) to the Authority, all costs and expenses incurred by the Authority to comply with the provisions of this Agreement and the Indenture;

(b) to the Trustee upon request therefor, all of its fees, costs and expenses payable as a result of the performance of and compliance with its duties hereunder or under the Indenture or any related documents;

(c) to the Authority and the Trustee, all amounts required to indemnify the Authority and the Trustee under Section 5.2 hereof and Section 8.07 of the Indenture; and

(d) all costs and expenses of auditors, engineers and accountants for professional services relating to the Water System or the Bonds.

The Additional Payments shall be payable from, but shall not be secured by a pledge or lien upon, the Net Revenues. The rights of the Trustee and the Authority under this Section 4.7, and the obligations of the City under this Section 4.7, shall survive the termination of this Agreement.

ARTICLE V

COVENANTS OF THE CITY

SECTION 5.1. Disclaimer of Warranties; Maintenance, Utilities and Taxes.

(a) The Trustee makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City of the Project or any component thereof, or any other representation or warranty with respect to any of the Project or any component thereof. In no event is the Authority liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Agreement or the Indenture for the existence, furnishing, functioning or use of the Project.

(b) Throughout the Term of this Agreement, all improvement, repair and maintenance of the Water System shall be the responsibility of the City, and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Water System, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, Water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Water System resulting from ordinary wear and tear.

The City shall also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Authority or the City affecting the Water System or the respective interests or estates therein; provided, however, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are required to be paid during the Term of this Agreement as and when the same become due.

SECTION 5.2. Release and Indemnification Covenants. The City agrees to indemnify the Authority and the Trustee and their respective officers, agents, successors and assigns, against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on or about the Water System by the City, (b) any breach or default on the part of the City in the performance of any of its obligations under this Agreement or the Indenture, (c) any act or omission of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Water System, and (d) any act or omission of any lessee of the City with respect to the Water System. No indemnification is made under this Section 5.2 or elsewhere in this Agreement for willful misconduct or negligence under this Agreement by the Authority, or the Trustee, or their respective officers, agents, employees, successors or assigns. The provisions of this Section 5.2 shall survive the expiration of the Term of this Agreement.

SECTION 5.3. Sale or Eminent Domain of Water System.

(a) The City will not sell, lease or otherwise dispose of the Water System or any part thereof essential to the proper operation of the Water System or to the maintenance of the Net Revenues except as herein expressly permitted. The City will not enter into any lease or agreement which impairs the operation of the Water System or any part thereof necessary to secure adequate 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 of the Bonds with respect to the Net Revenues or the operation of the Water System. Any real or personal property which has become non-operative or which is not needed for the efficient and

proper operation of the Water System, or any material or equipment which has worn out, may be sold at not less than the market value thereof without the consent of the holders of the Bonds if such sale will not reduce Net Revenues and if all of the Net Proceeds of such sale are deposited in the Water Fund.

(b) If all or any part of the Water System shall be taken by eminent domain proceedings, the Net Proceeds realized by the City therefrom shall be applied by the City (a) to the cost of acquiring or constructing or financing Improvements to the Water System, or (b) to redeem Bonds or any Parity Debt in accordance with the Indenture or the applicable Parity Debt Instruments.

SECTION 5.4. Insurance. The City covenants that it shall at all times maintain such insurance (which may be in the form of self-insurance pooling) on the Water System 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.

Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to the City, or may be in the form of self-insurance by the City. The City shall establish such fund or funds or reserves as it determines, in its sole judgment, are necessary to provide for its share of any such self-insurance.

All amounts collected from insurance against accident to or destruction of any portion of the Water System shall be used to repair or rebuild such damaged or destroyed portion of the Water System, and to the extent not so applied, shall be applied to redeem Bonds or any Parity Debt in accordance with the Indenture or the applicable Parity Debt Instruments.

SECTION 5.5. Records and Accounts. The City covenants that it shall keep proper books of record and accounts of the Water System, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Water System. Said books shall, upon reasonable request, be subject to the inspection of the Owners of not less than 10% of the Outstanding Bonds or their representatives authorized in writing.

The City covenants that it will cause the books and accounts of the Water System to be audited annually by an Independent Certified Public Accountant and will make available for inspection by the Bond Owners, upon reasonable request, a copy of the report of such Independent Certified Public Accountant.

The City covenants that it will cause to be prepared annually, not more than 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 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 Gross Revenues and other funds in reasonable detail. The City shall furnish a copy of the statement to the Trustee, and upon written request, to any Bond Owner.

SECTION 5.6. Rates and Charges.

(a) The City shall fix, prescribe, revise and collect rates and charges for the Water System during each Fiscal Year which are at least sufficient, after making allowances for

contingencies and error in the estimates, to produce Gross Revenues which will be sufficient to pay the following amounts:

(i) all Operations and Maintenance Costs of the Water System estimated by the City to become due and payable in such Fiscal Year;

(ii) the Installment Payments and debt service on any Parity Debt;

(iii) all other payments required for compliance with this Agreement, the Indenture and the Parity Debt Instruments; and

(iv) all payments required to meet any other obligations of the City that are charges, liens, encumbrances upon or payable from the Gross Revenues of the Water System or the Net Revenues of the Water System.

(b) In addition, the City shall fix, prescribe, revise and collect charges for the Water System during each Fiscal Year which are sufficient to yield Net Revenues at least equal to 120% of the amounts payable under the preceding clause (a)(ii) in such Fiscal Year. For purposes of this paragraph, the amount of Net Revenues for a Fiscal Year will be computed on the basis that any transfers into the Water Fund in such Fiscal Year from the Rate Stabilization Fund are included in the calculation of Net Revenues (except to the extent of amounts transferred into the Rate Stabilization Fund from Gross Revenues received by the City in such Fiscal Year, so as to avoid double-counting), as provided in this Agreement.

SECTION 5.7. Superior and Subordinate Obligations. The City may not issue or incur any additional bonds or other obligations during the Term of this Agreement having any priority in payment of principal or interest out of the Net Revenues over the Installment Payments. Nothing herein is intended or shall be construed to limit or affect the ability of the City to issue, enter into or incur (a) Parity Debt under Section 5.8, or (b) obligations which are either unsecured or which are secured by an interest in the Net Revenues which is junior and subordinate to the pledge of and lien upon the Net Revenues established hereunder.

SECTION 5.8. Issuance of Parity Debt. In addition to the Installment Payments, the City may, by a Parity Debt Instrument, issue or incur other loans, advances or indebtedness payable from Net Revenues to be derived from the Water System, to provide financing for the Water System, in such principal amount as shall be determined by the City. The City may issue or incur any such Parity Debt subject to the following specific conditions that are hereby made conditions precedent to the issuance and delivery of such Parity Debt:

(a) The City shall be in compliance with all covenants set forth in this Agreement and in the Indenture.

(b) The Net Revenues of the Water System, calculated on generally accepted accounting principles, as shown by the books of the City for the latest Fiscal Year or any more recent 12-month period selected by the City ending not more than 60 days prior to the adoption of the Parity Debt Instrument pursuant to which such Parity Debt are issued, as shown by the books of the City, plus, at the option of the City, any or all of the items hereinafter in this paragraph designated (i) and (ii), shall at least equal 120% of Maximum Annual Debt Service, with Maximum Annual Debt Service calculated on all bonds and other obligations to be outstanding immediately subsequent to the issuance of such Parity Debt which have a lien on Net Revenues of the Water System.

The items any or all of which may be added to such Net Revenues for the purpose of issuing or incurring Parity Debt hereunder are the following:

(i) An allowance for Net Revenues from any additions to or improvements or extensions of the Water System to be made with the proceeds of such Parity Debt, and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of such Fiscal Year or such 12-month period, were not in service, all in an amount equal to 90% of the estimated additional average annual Net Revenues 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 in the written report of an Independent Consultant engaged by the City; and

(ii) An allowance for revenues projected to arise from any increase in the water rates and charges which has been approved by the City Council prior to the incurring of such additional indebtedness 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 Net Revenues would have been increased if such increase in water rates and 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 City. For the avoidance of doubt, a charge shall be considered to have been approved by the City Council and may be considered in the calculation of the allowance described in the previous sentence if the water rate and charge is part of a rate increase that has been approved by the City Council, even if the specific water rate and charge will not take effect until a subsequent Fiscal Year.

(c) The Parity Debt Instrument providing for the issuance of such Parity Debt under this Section 5.8 shall:

(i) Provide that the proceeds of such Parity Debt shall be applied to the acquisition, construction, improvement, financing or refinancing of additional facilities, improvements or extensions of existing facilities within the Water System, or otherwise for facilities, improvements or property which the City determines are of benefit to the Water System, or for the purpose of refunding any Parity Debt in whole or in part, including all costs (including costs of issuing such Parity Debt and including capitalized interest on such Parity Debt during any period which the City deems necessary or advisable) relating thereto;

(ii) specify the date on which interest on such Parity Debt will be payable; and

(iii) specify the date on which principal on such Parity Debt will be payable.

(d) Notwithstanding the foregoing, Parity Debt proposed to be issued for the purpose of refunding any Parity Debt may be issued without compliance with subsection (b) and (c)(i), so long as such refunding results in the same or lower Debt Service in each Fiscal Year after such refunding.

SECTION 5.9. Maintenance and Operation of Water System in Efficient and Economical Manner. The City covenants and agrees to maintain and operate the Water System in an efficient and economical manner and to operate, maintain and preserve the Water System in good repair and working order.

SECTION 5.10. Assignment and Amendment. The Authority and the City may at any time amend or modify any of the provisions of this Agreement, but only: (a) with the prior written consents of the Owners of a majority in aggregate principal amount of the Outstanding Bonds; or (b) without the consent of the Trustee or any of the Bond Owners, but only if such amendment or modification is for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City contained in this Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the City;

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained herein, to conform to the original intention of the City and the Authority;

(iii) to modify, amend or supplement this Agreement in such manner as to assure that the interest on the Bonds remains excluded from gross income under the Tax Code (provided that this provision shall not apply to bonds the interest on which is intended to be included in gross income for purposes of federal income taxation);

(iv) in any other respect whatsoever as the Authority and the City deem necessary or desirable, if in the opinion of Bond Counsel such modifications or amendments do not materially adversely affect the interests of the Owners of the Bonds; and

(v) to provide for the issuance of Parity Debt pursuant to Section 5.8 hereof, including the addition of any provisions required with respect to Parity Debt relating to Variable Rate Bonds, and to Swap Agreements.

No such modification or amendment may extend or have the effect of extending any Installment Payment Date or reducing any Installment Payment or any premium payable upon the prepayment thereof, without the express consent of the Owners of the affected Bonds, or modify any of the rights or obligations of the Trustee without its written assent thereto.

SECTION 5.11. Continuing Disclosure. The City hereby covenants and agrees to comply with and carry out all of the provisions of each Continuing Disclosure Certificate, as originally executed as of the date of issuance and delivery of the Bonds, and as it may be amended from time to time in accordance with its terms. Notwithstanding any other provision of this Agreement, failure by the City to comply with the Continuing Disclosure Certificate shall not constitute a default hereunder or under the Indenture of Trust; *provided, however*, that any Participating Underwriter or any Owner or beneficial owner of the Bonds may take such action as may be necessary and appropriate to compel performance by the City of its obligations under this Section, including seeking mandamus or specific performance by court order. All

capitalized terms used but not defined in this Section shall have the meanings given in the Continuing Disclosure Certificate.

SECTION 5.12. Rate Stabilization Fund. The City has previously established a rate stabilization fund (the "Rate Stabilization Fund") to be held by it and administered in accordance with this Section and the Parity Debt Instruments, for the purpose of stabilizing the rates and charges imposed by the City with respect to the Water System. From time to time the City may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Net Revenues that are released from the pledge and lien which secures the Installment Payments and any Parity Debt, as the City may determine.

The City may, but is not required to, withdraw from any amounts on deposit in a Rate Stabilization Fund and deposit such amounts in the Water Fund in any Fiscal Year. Amounts so transferred from a Rate Stabilization Fund to the Water Fund shall constitute Gross Revenues for such Fiscal Year (except to the extent of amounts transferred into the Rate Stabilization Fund from Gross Revenues received by the City in such Fiscal Year, so as to avoid double-counting), and shall be applied for the purposes of the Water Fund. Amounts on deposit in a Rate Stabilization Fund shall not be pledged to or otherwise secure the Installment Payments or any Parity Debt. The City has the right at any time to withdraw any or all amounts on deposit in a Rate Stabilization Fund and apply such amounts for any lawful purposes of the City.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.1. Events of Default Defined. The following events constitute Events of Default hereunder:

(a) Failure by the City to pay any Installment Payment when due and payable hereunder.

(b) Failure by the City to pay any Additional Payment when due and payable hereunder, and the continuation of such failure for a period of 30 days.

(c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding clauses (a) or (b), for a period of 60 days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Authority or the Trustee; *provided, however,* that if the City notifies the Authority and the Trustee that in its reasonable opinion the failure stated in the notice can be corrected, but not within such 60-day period, such failure will not constitute an event of default hereunder if the City commences to cure such failure within such 60 day period and thereafter diligently and in good faith cures the failure in a reasonable period of time.

(d) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the

City in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

(e) The occurrence of any event defined to be an event of default under any Parity Debt Instruments.

SECTION 6.2. Remedies on Default. If an Event of Default occurs and is continuing, the Trustee as assignee of the Authority has the right, at its option and without any further demand or notice, to take any one or more of the following actions:

(a) Declare all principal components of the unpaid Installment Payments, together with accrued interest thereon at the Overdue Rate from the immediately preceding Interest Payment Date on which payment was made, to be immediately due and payable, whereupon the same shall immediately become due and payable.

Notwithstanding the foregoing provisions of this subsection (a), the Trustee shall rescind and annul such declaration and its consequences if, before any judgment or decree for the payment of the moneys due has been obtained or entered, (i) the City deposits with the Trustee a sum sufficient to pay all principal components of the Installment Payments coming due prior to such declaration and all matured interest components (if any) of the Installment Payments, with interest on such overdue principal and interest components calculated at the Overdue Rate, and (ii) the City pays the reasonable expenses of the Trustee (including any fees and expenses of its attorneys), and (iii) any and all other defaults known to the Trustee (other than in the payment of the principal and interest components of the Installment Payments due and payable solely by reason of such declaration) have been made good. No such rescission and annulment will extend to or shall affect any subsequent default, or impair or exhaust any right or power consequent thereon.

(b) Take whatever action at law or in equity may appear necessary or desirable to collect the Installment Payments then due or thereafter to become due during the Term of this Agreement, or enforce performance and observance of any obligation, agreement or covenant of the City under this Agreement.

(c) As a matter of right, in connection with the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and the Bond Owners hereunder, cause the appointment of a receiver or receivers of the Gross Revenues and other amounts pledged hereunder, with such powers as the court making such appointment may confer.

SECTION 6.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive. Every such remedy is cumulative and in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default impairs any such right or power or operates as a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article VI, it is not necessary to give any notice, other than such notice as may be required in this Article VI or by law.

SECTION 6.4. Agreement to Pay Attorneys' Fees and Expenses. If either party to this Agreement defaults under any of the provisions hereof and the nondefaulting party, the Trustee or the Owner of any Bonds employs attorneys or incurs other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party, the Trustee or such Owner, as the case may be, the reasonable fees of such attorneys and such other expenses so incurred. The provisions of this Section 6.4 survive the expiration of the Term of this Agreement.

SECTION 6.5. No Additional Waiver Implied by One Waiver. If any agreement contained in this Agreement is breached by either party and thereafter waived by the other party, such waiver is limited to the particular breach so waived and does not waive any other breach hereunder.

SECTION 6.6. Trustee and Bond Owners to Exercise Rights. Such rights and remedies as are given to the Authority under this Article VI have been assigned by the Authority to the Trustee under the Indenture, to which assignment the City hereby consents. Such rights and remedies shall be exercised by the Trustee and the Owners of the Bonds as provided in the Indenture.

ARTICLE VII

PREPAYMENT OF INSTALLMENT PAYMENTS

SECTION 7.1. Security Deposit. Notwithstanding any other provision hereof, the City may on any date secure the payment of Installment Payments, in whole or in part, by irrevocably depositing with the Trustee an amount of cash which, together with other available amounts, is either:

(a) sufficient to pay all such Installment Payments, including the principal and interest components thereof, when due under Section 4.4(a), or

(b) invested in whole or in part in non-callable Defeasance Obligations in such amount as will, in the opinion of an Independent Certified Public Accountant (which opinion is addressed and delivered to the Trustee), together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay all such Installment Payments when due under Section 4.4(a) or when due on any optional prepayment date under Section 7.2, as the City instructs at the time of said deposit.

If the City makes a security deposit under this Section for the payment of all remaining Installment Payments, all obligations of the City hereunder, and the pledge of Net Revenues and all other security provided by this Agreement for said obligations, will thereupon cease and terminate, excepting only the obligation of the City to make, or cause to be made, all Installment Payments from the security deposit. The security deposit will be deemed to be and will constitute a special fund for the payment of the Installment Payments in accordance with the provisions hereof.

SECTION 7.2. Optional Prepayment Relating to the 2026 Bonds. The City may exercise its option to prepay the principal components of the Installment Payments relating to

the 2026 Bonds in whole or in part on any date on or after April 1, _____. The City may exercise such option by payment of a prepayment price equal to the sum of (a) the aggregate principal components of the Installment Payments relating to the 2026 Bonds to be prepaid, (b) the interest component of the Installment Payment relating to the 2026 Bonds required to be paid on or accrued to such date, and (c) the premium (if any) then required to be paid upon the corresponding redemption of the 2026 Bonds under Section 4.01(a) of the Indenture. The Trustee shall deposit the prepayment price in the Redemption Fund to be applied to the redemption of 2026 Bonds under Section 4.01(a) of the Indenture. If the City prepays the Installment Payments in part but not in whole, the principal components will be prepaid among such maturities and in such integral multiples of $5,000 as the City designates in written notice to the Trustee.

SECTION 7.3. Mandatory Prepayment From Proceeds of Insurance, Sale or Condemnation. The City shall prepay the Installment Payments on any date, in whole, or in part among maturities on a pro rata basis in any integral multiple of $5,000, from and to the extent of any proceeds of insurance, sale or condemnation awards with respect to the Water System theretofore paid to the Trustee for such purpose under Sections 5.3 or 5.4. The City and the Authority hereby agree that such proceeds, to the extent remaining after payment of any delinquent Installment Payments, will be deposited in the Redemption Fund and credited towards the City's obligations under this Section 7.3.

SECTION 7.4. Credit for Amounts on Deposit. If the City prepays the Installment Payments in full under this Article VII, such that the Indenture is discharged by its terms as a result of the prepayment, and upon payment in full of all Additional Payments and other amounts then due and payable hereunder, all available amounts then on deposit in the funds and accounts established under the Indenture shall be credited towards the amounts then required to be so prepaid.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.1. Further Assurances. The City agrees that it will execute and deliver any and all such further agreements, instruments, financing statements or other assurances as may be reasonably necessary or requested by the Authority or the Trustee to carry out the intention or to facilitate the performance of this Agreement, including, without limitation, to perfect and continue the security interests herein intended to be created.

SECTION 8.2. Notices. Any notice, request, complaint, demand or other communication under this Agreement must be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by telecopier or other form of telecommunication, at its number set forth below. Notice is effective either (a) upon transmission by fax or other form of telecommunication, (b) upon actual receipt after deposit in the United States of America mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority, the City and the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the City or the Authority:	City of Pleasanton 123 Main Street Pleasanton, CA 94566 Attention: Director of Finance
If to the Trustee:	U.S. Bank Trust Company, National Association One California Street, Suite 1000 San Francisco, CA 94111 Attention: Global Corporate Trust

SECTION 8.3. Governing Law. This Agreement will be construed in accordance with and governed by the laws of the State of California.

SECTION 8.4. Binding Effect. This Agreement inures to the benefit of and is binding upon the Authority and the City and their respective successors and assigns, subject, however, to the limitations contained herein.

SECTION 8.5. Severability of Invalid Provisions. If any one or more of the provisions contained in this Agreement are for any reason held to be invalid, illegal or unenforceable in any respect, then such provision or provisions will be deemed severable from the remaining provisions contained in this Agreement and such invalidity, illegality or unenforceability will not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority and the City each hereby declares that it would have entered into this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Agreement may be held illegal, invalid or unenforceable.

SECTION 8.6. Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, are solely for convenience of reference and do not affect the meaning, construction or

effect of this Agreement. All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender mean and include words of the feminine and neuter genders.

SECTION 8.7. Payment on Non-Business Days. Whenever any payment is required to be made hereunder on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day.

SECTION 8.8. Execution of Counterparts. This Agreement may be executed in any number of counterparts, each of which will for all purposes be deemed to be an original and all of which together constitute but one and the same instrument. Digital signatures or other electronic indication of execution of this Indenture shall be treated the same and have the same legally binding and enforceable effect as original manual signatures.

SECTION 8.9. Waiver of Personal Liability. No member of the City Council, officer, agent or employee of the City has any individual or personal liability for the payment of Installment Payments or Additional Payments or be subject to any personal liability or accountability by reason of this Agreement; but nothing herein contained relieves any such member of the City Council, officer, agent or employee from the performance of any official duty provided by law or by this Agreement.

SECTION 8.10. Trustee as Third Party Beneficiary. The Trustee is hereby made a third-party beneficiary hereof and is entitled to the benefits of this Agreement with the same force and effect as if the Trustee was a party hereto.

[Signature Page Follows]

IN WITNESS WHEREOF, the Authority and the City have caused this Agreement to be executed in their respective names by their duly authorized officers, all as of the date first above written.

PLEASANTON JOINT POWERS FINANCING AUTHORITY, *as Seller*

By: _____
Executive Director

CITY OF PLEASANTON, *as Purchaser*

By: _____
City Manager

[Signature Page to Installment Sale Agreement dated as of October 1, 2026]

APPENDIX A

SCHEDULE OF INSTALLMENT PAYMENTS

Interest Payment Date[(1)]	Principal Component	Interest Component	Total Payment
4/1/27			
10/1/27			
4/1/28			
10/1/28			
4/1/29			
10/1/29			
4/1/30			
10/1/30			
4/1/31			
10/1/31			
4/1/32			
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4/1/47			
10/1/47			
4/1/48			
10/1/48			
4/1/49			
10/1/49			
4/1/50			

Interest Payment Date[1]	Principal Component	Interest Component	Total Payment
10/1/50			
4/1/51			
10/1/51			
4/1/52			
10/1/52			
4/1/53			
10/1/53			
4/1/54			
10/1/54			
4/1/55			
10/1/55			
4/1/56			
TOTALS			

(1) Installment Payment Dates are the third (3rd) Business Day immediately preceding each Interest Payment Date shown in the table.

APPENDIX B

DESCRIPTION OF PROJECT

The Project consists of financing improvements (generally described as the "2026 Water Project") and any other improvements to the Water System approved by the City Council, including but not limited to associated management, administration, financing, planning, environmental studies, permitting, procurement, right-of-way acquisition, legal service, engineering, inspection, outreach, construction, and closeout costs.

The proceeds of the 2026 Bonds will be used to finance all or a portion of the following improvements:

- Water Meter and Advanced Metering Infrastructure (AMI) System Replacement
- City Groundwater Supply Project(s)
- Water System Emergency Power Improvements Program
- Annual Water Distribution System Improvements
- Any other improvements to the Water System approved by the City Council

BOND PURCHASE AGREEMENT

$[PAR AMOUNT]
Pleasanton Joint Powers Financing Authority
2026 Water Revenue Bonds

_____, 2026

Pleasanton Joint Powers Financing Authority
123 Main Street
Pleasanton, California 94566

City of Pleasanton
123 Main Street
Pleasanton, California 94566
Ladies and Gentlemen:

The undersigned, Siebert Williams Shank & Co., LLC (the "*Underwriter*"), acting not as a fiduciary or agent for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement (which, together with the exhibits hereto, is referred to as the "*Purchase Agreement*") with the Pleasanton Joint Powers Financing Authority (the "*Authority*") and the City of Pleasanton (the "*City*"), which, upon acceptance by the Authority and the City, will be binding upon the Authority, the City, and the Underwriter. This offer is made subject to acceptance by the Authority and the City by the execution of the Purchase Agreement and delivery of the same to the Underwriter prior to 11:59 P.M., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Authority and the City at any time prior to the acceptance hereof by the Authority and the City. Capitalized terms that are used herein and not otherwise defined have the meanings that are set forth in the Indenture of Trust, dated as of October 1, 2026 (the "*Indenture*"), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "*Trustee*").

The Authority and the City acknowledge and agree that: (a) the purchase and sale of the Bonds (as such term is defined herein) pursuant to the Purchase Agreement is an arm's length commercial transaction among the Authority, the City, and the Underwriter, and the only obligations that the Underwriter has to the Authority and the City with respect to the transaction that is contemplated hereby expressly are set forth in the 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 City or the Authority; (c) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City or the Authority 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 City or the Authority on other matters); (d) the Underwriter has financial and other interests that may differ from and be adverse to those of the Authority and the City; and (e) the Authority and the City have consulted their own legal, financial, accounting, tax and other advisors to the extent that they have deemed appropriate.

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements herein, the Underwriter hereby agrees to purchase, and the Authority hereby agrees to issue, sell and deliver to the Underwriter all (but not less than all) of the $[PAR AMOUNT] principal amount of Pleasanton Joint Powers Financing Authority 2026 Water Revenue Bonds

(the "*Bonds*"). The Bonds will be dated as of their date of delivery. The Bonds will mature and bear interest as set forth in Exhibit A. The purchase price of the Bonds is $[PURCHASE PRICE] (representing the aggregate principal amount of $[PAR AMOUNT].00, [plus/less] $[OIP/OID] [net] original issue [premium/discount], less $[UNDERWRITER'S DISCOUNT] of Underwriter's discount).

The Underwriter agrees to make a bona fide public offering of all the Bonds at prices not in excess of the respective initial public offering prices for the Bonds set forth on the inside cover page of 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.

Section 2. The Bonds. The Bonds are limited obligations of the Authority payable solely from revenues of the Authority, consisting primarily of certain installment payments (the "*Installment Payments*") made by the City from Net Water Revenues (as defined in the Indenture) to the Authority pursuant to an Installment Sale Agreement dated October 1, 2026, between the Authority, as seller, and the City, as purchaser (the "*Installment Sale Agreement*"). The right of the Authority to receive the Installment Payments under the Installment Sale Agreement and to exercise remedies upon default under the Installment Sale Agreement shall be assigned to the Trustee for the benefit of the owners of the Bonds pursuant to the Indenture.

The Bonds are being issued to provide funds to: (i) assist the City with financing certain improvements to the water treatment, production, storage and distribution systems within the service area of the City, and (ii) pay the costs of issuing the Bonds, and shall be as described in, and shall be secured under and pursuant to the Indenture substantially in the form previously submitted to the Underwriter, with only such changes therein as shall be mutually agreed upon by the Authority, the City, and the Underwriter. The proceeds of the Bonds shall be applied as set forth in the Indenture.

The Bonds, the Purchase Agreement, the Indenture, the Installment Sale Agreement, and Resolution No. JPFA ____ of the Board of Directors of the Authority adopted by the governing body of the Authority on September 15, 2026 (the "*Authority Resolution*") authorizing the issuance of the Bonds and the foregoing documents are collectively referred to herein as the "*Authority Documents*."

The Purchase Agreement, the Continuing Disclosure Certificate of the City relating to the Bonds, dated as of the Closing Date (the "*Continuing Disclosure Certificate*"), the Installment Sale Agreement, and Resolution No. _____ of the City Council of the City adopted on September 15, 2026 (the "*City Resolution*") authorizing the execution and delivery of the foregoing documents are collectively referred to herein as the "*City Documents*."

Section 3. Public Offering; Establishment of Issue Price for Bonds.

(a) The Underwriter agrees to assist the Authority 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 B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Authority and Bond Counsel to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

Except as otherwise set forth in Exhibit A, the Authority 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 Authority 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 Authority 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 either (i) earlier 10% test has been satisfied as to the Bonds of that maturity or (ii) 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 Authority or Bond Counsel. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

(b) 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 Authority, the City and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Authority 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.

(c) The Underwriter will advise the Authority 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) The Underwriter confirms that:

(i) 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) 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 Authority and the City acknowledge 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 Authority and the City further acknowledge 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 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.

(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 Authority or the City (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: (i) 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.

Section 4. The Official Statement. By their acceptance of this proposal, the Authority and the City each ratify, confirm and approve of the use and distribution by the Underwriter prior to the date hereof of the preliminary official statement relating to the Bonds dated September __, 2026 (including the front cover page, inside front cover page, all appendices and all information incorporated therein and any supplements or amendments thereto and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the "*Preliminary Official Statement*") that authorized officers of the Authority and the City deemed "final" as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("*Rule 15c2-12*"), except for certain information that is permitted to be omitted therefrom by Rule 15c2-12. The Authority and the City hereby agree to deliver or cause to be delivered to the Underwriter, within seven business days of the date hereof, copies of a final official statement, dated the date hereof, relating to the Bonds (including all information previously permitted to have been omitted by Rule 15c2-12), including the cover page, inside cover page, all appendices, all information incorporated therein and any amendments or supplements as have been approved by the Authority, the City, and the Underwriter (the "*Official Statement*") in such quantity as the Underwriter shall reasonably request to comply with Section (b)(4) of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board (the "*MSRB*").

The Underwriter hereby agrees that it will not request that payment be made by any purchaser of the Bonds prior to delivery by the Underwriter to the purchaser of a copy of the Official Statement. The Underwriter agrees: (i) to provide the Authority with final pricing information for the Bonds on a timely basis; and (ii) to promptly file a copy of the Official Statement, including any supplements prepared by the Authority and the City, with the MSRB at http://emma.msrb.org. The Authority and the City hereby approve of the use and distribution by the Underwriter of the Preliminary Official Statement in connection with the offer and sale of the Bonds. The Authority and the City agree to cooperate with the Underwriter in the filing by the Underwriter of the Official Statement with the MSRB.

Section 5. Closing. At [8:00] a.m., California Time, on October __, 2026, or at such other time or date as the Authority, the City, and the Underwriter agree upon (the "*Closing Date*"), the Authority shall deliver the Bonds, in definitive form, registered in the name of Cede & Co., as the nominee of The Depository Trust Company ("*DTC*"), so that the Bonds may be credited to the account specified by the Underwriter under DTC's procedures. Concurrently with the delivery of the Bonds, the City will deliver the documents hereinafter mentioned at the offices of Jones Hall LLP ("*Bond Counsel*"), or another place to be mutually agreed upon by the Authority, the City, and the Underwriter. The Underwriter will accept such delivery and pay the purchase prices of the Bonds as set forth in Section 1 hereof by wire transfer in immediately available funds. This payment for and delivery of the Bonds, together with the delivery of the aforementioned documents, is herein called the "*Closing*."

The Bonds shall be registered in the name of Cede & Co., as nominee of DTC in denominations of five thousand dollars ($5,000) or any integral multiple thereof. The Authority and the City acknowledge that the services of DTC will be used initially by the Underwriter in order to permit the delivery of the Bonds in book-entry form and agree to cooperate fully with the Underwriter in employing such services.

Section 6. Representations, Warranties and Covenants of the Authority. The Authority represents, warrants and covenants to the Underwriter and the City that:

(a) The Authority is a joint exercise of powers authority that is duly organized, operating and existing under the laws of the State of California (the "*State*") and its Joint Exercise of Powers Agreement dated as of June 29, 1993, by and between the City and the City of Pleasanton Housing Authority (the "*JPA Agreement*").

(b) The Authority has full legal right, power and authority to adopt or enter into, as the case may be, and to carry out and consummate the transactions on its part contemplated by the Authority Documents.

(c) By all necessary official action, the Authority has duly authorized and approved the Authority Documents and has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations on its part contained in, the Authority Documents and the consummation by it of all other transactions contemplated by the Authority Documents in connection with the issuance of the Bonds. As of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, and assuming due execution and delivery by the other parties thereto, if applicable, the Authority Documents will constitute the legally valid and binding obligations of the Authority enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally, or by the exercise of judicial discretion and the limitations on legal remedies against public agencies in the State. The Authority has complied and will at the Closing be in compliance in all material respects with the terms of the Authority Documents.

(d) To the best of its knowledge, the Authority is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of any state or of the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party which breach or default has or may have a materially adverse effect on the ability of the Authority to perform its obligations under the Authority Documents, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the adoption, execution and delivery of the Authority Documents, if applicable, and compliance with the provisions on the Authority's part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Authority or under the terms of any such law, regulation or instrument, except as may be provided by the Authority Documents.

(e) To the best of its knowledge, all material authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Authority of its obligations in connection with the Authority Documents have been duly obtained or, when required for future performance, are expected to be obtained, other than such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds. Except as described in or contemplated by the Preliminary Official Statement and the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which

would materially adversely affect the due performance by, the Authority of its obligations under the Authority Documents have been duly obtained.

(f) The Authority hereby agrees that it will notify the other parties hereto if, within the period from the date of this Purchase Agreement to and including the date that is twenty-five (25) days following the Closing, the Authority discovers any pre-existing or subsequent fact or becomes aware of the occurrence of any event, in any such case, which might cause the Official Statement (as the same may have then been supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) As of the time of acceptance hereof and the Closing, except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental authority, public board or body, pending, with service of process upon the Authority having been accomplished, or threatened in writing to the Authority: (i) in any way questioning the corporate existence of the Authority or the titles of the officers of the Authority to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance of any of the Bonds, the collection of Revenues under the Indenture or any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, in any way contesting or affecting the validity of the Bonds or the other Authority Documents or the consummation of the transactions contemplated thereby or hereby, contesting the exclusion of the interest on the Bonds from federal taxation or the exclusion of the interest on the Bonds from State taxation or contesting the powers of the Authority or its authority to issue the Bonds; (iii) which would be likely to result in any material adverse change relating to the business, operations or financial condition of the Authority; 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 necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(h) To the Authority's knowledge, there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of paragraph (g).

(i) The information in the Official Statement concerning the organization and existence of the Authority does not contain any untrue statement of a material fact or omit to state a material fact that is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(j) The Authority will refrain from taking any action, or permitting any action to be taken, with regard to which the Authority may exercise control, that results in the loss of the tax-exempt status of the interest for federal income tax purposes on the Bonds.

(k) The Authority will refrain from taking any action, or permitting any action to be taken, to reduce the amount of the Installment Payments while the Bonds are Outstanding, and the Authority will collect the Installment Payments in accordance with the Installment Sale Agreement and Indenture.

(l) Any certificate signed by any officer of the Authority authorized to execute such certificate in connection with the issuance of the Bonds and delivered to the Underwriter shall be deemed to be a representation and warranty of the Authority to the Underwriter and the City as to the statements made therein but not of the person signing such certificate.

Section 7. Representations, Warranties and Covenants of the City. The City represents, warrants and covenants to the Underwriter that:

(a) The City is a municipal corporation and general law city that is duly organized and existing under and by virtue of the laws of the State.

(b) The City has full legal right, power and authority to adopt or enter into, as the case may be, and to carry out and consummate the transactions on its part contemplated by the City Documents.

(c) By all necessary official action, the City has duly authorized and approved the City Documents, has duly authorized and approved the Preliminary Official Statement and the Official Statement and has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations on its part contained in, the City Documents and the consummation by it of all other transactions contemplated by the City Documents in connection with the issuance of the Bonds. As of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, and assuming due execution and delivery by the other parties thereto, if applicable, the City Documents will constitute the legally valid and binding obligations of the City enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally, or by the exercise of judicial discretion and the limitations on legal remedies against public agencies in the State. The City has complied and will at the Closing be in compliance in all material respects with the terms of the City Documents.

(d) To the best of its knowledge, the City is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of any state or of the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party which breach or default has or may have a materially adverse effect on the ability of the City to perform its obligations under the City Documents, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the adoption, execution and delivery of the City Documents, if applicable, and compliance with the provisions on the City's part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the City or under the terms of any such law, regulation or instrument, except as may be provided by the City Documents.

(e) To the best of its knowledge, all material authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the City of its obligations in connection with the City Documents have been duly obtained or, when required for future performance, are expected to be obtained, other than such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds.

(f) The Preliminary Official Statement was as of its date, and the Official Statement is, and at all times subsequent to the date of the Official Statement up to and including the Closing will be, true and correct in all material respects, and the Preliminary Official Statement and the Official Statement do not

and up to and including the Closing will not contain any untrue statement of a material fact or omit to state a material fact that is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

(g) The City will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement. The City will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental authority prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(h) As of the time of acceptance hereof and the Closing, except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental authority, public board or body, pending, with service of process upon the City having been accomplished, or threatened in writing to the City: (i) in any way questioning the corporate existence of the City or the titles of the officers of the City to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance of any of the Bonds, or the collection of Gross Revenues of the Water Enterprise under the Installment Sale Agreement or of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the City Documents or the consummation of the transactions contemplated thereby or hereby, contesting the exclusion of the interest on the Bonds from federal taxation or the exclusion of interest on the Bonds from State taxation or contesting the powers of the City or its authority to enter into the City Documents; (iii) which would be likely to result in any material adverse change relating to the business, operations or financial condition of the City; 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.

(i) To the City's knowledge, there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of paragraph 7(h).

(j) Until the date which is twenty-five (25) days after the end of the underwriting period (but not later than 90 days after the Closing Date), if any event shall occur of which the City is aware that would cause the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact that is necessary in order to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading (except that this representation does not include information regarding DTC and its book-entry only system, the Insurer, the Insurance Policy and the Surety, as to which no view is expressed), the City shall forthwith notify the Underwriter of any such event of which it has knowledge and shall cooperate fully in furnishing any information available to it for any supplement to the Official Statement necessary, in the Underwriter's reasonable opinion, so that the statements therein as so supplemented will not be misleading in light of the circumstances existing at such time and the City 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 Authority 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 delivered pursuant to the preceding sentence shall be written notice delivered to the City at or prior to the Closing Date of the Bonds and shall specify a date (other than the Closing Date) to be deemed the end of the underwriting period.

(k) Except as disclosed in the Preliminary Official Statement and the Official Statement, the City has not within the last five years failed to comply in any material respect with any continuing disclosure

undertakings with regard to Rule 15c2-12 to provide annual reports or notices of material events specified in such rule.

(l) The City will refrain from taking any action, or permitting any action to be taken, with regard to which the City may exercise control, that results in the loss of the tax-exempt status of the interest for federal income tax purposes on the Bonds.

(m) The financial statements relating to the receipts, expenditures and cash balances of the City attached as an appendix to the Official Statement fairly represent the receipts, expenditures and cash balances of the City. Except as disclosed in the Official Statement or otherwise disclosed in writing to the Underwriter, there has not been any materially adverse change in the financial condition of the City or in its operations since the end of the fiscal year covered by such financial statements and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(n) The City will undertake, pursuant to the Continuing Disclosure Certificate, to provide annual reports and notices of certain events. A description of these undertakings is set forth in an appendix to the Preliminary Official Statement and will also be set forth in the Official Statement.

(o) The City will refrain from taking any action, or permitting any action to be taken, to reduce the amount of the Installment Payments while the Bonds are Outstanding, and the City will pay the Installment Payments in accordance with the Installment Sale Agreement.

(p) Any certificate signed by any officer of the City authorized to execute such certificate in connection with the issuance of the Bonds and delivered to the Underwriter shall be deemed a representation and warranty of the City to the Underwriter as to the statements made therein but not of the person signing such certificate.

Section 8. Conditions to the Obligations of the Underwriter. The Underwriter has entered into the Purchase Agreement in reliance upon the representations and warranties of the Authority and the City contained herein. 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 statements of the officers and other officials of the Authority and the City, as well as authorized representatives of Bond Counsel and the Trustee made in any Bonds or other documents furnished pursuant to the provisions hereof; to the performance by the Authority and the City of their respective obligations to be performed hereunder at or prior to the Closing Date; and to the following additional conditions:

(a) The representations, warranties and covenants of the Authority and the City contained herein shall be true and correct at the date hereof and at the time of the Closing, as if made on the Closing Date.

(b) At the time of Closing, the City Documents and the Authority Documents shall be in full force and effect as valid and binding agreements between or among the various parties thereto, and the City Documents, the Authority Documents and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter.

(c) At the time of the Closing, no material default shall have occurred or be existing under the City Documents, the Authority Documents or any other agreement or document pursuant to which any of the City's financial obligations were executed and delivered, and the City shall not be in default in the payment of principal or interest on any of its financial obligations, which default would materially adversely impact the ability of the City to pay the Installment Payments.

(d) In recognition of the desire of the Authority, the City, and the Underwriter to effect a successful public offering of the Bonds, and in view of the potential adverse impact of any of the following events on such a public offering, the Purchase Agreement shall be subject to termination in the discretion of the Underwriter by notification, in writing, to the Authority and the City prior to delivery of and payment for the Bonds, if at any time prior to such time, regardless of whether any of the following statements of fact were in existence or known of on the date of the Purchase Agreement:

(i) Legislation shall have been enacted by the United States or the State or shall have been reported out of committee, or a decision shall have been rendered by a court of the United States or the Tax Court of the United States, or a ruling shall have been made or a regulation, proposed regulation or a temporary regulation shall have been published in the Federal Register or any other release or announcement shall have been made by the Treasury Department of the United States or the Internal Revenue Service, with respect to federal or State taxation upon revenues or other income or payments of the general character to be derived by the City or upon interest received on obligations of the general character of the Bonds, or on the Bonds, which in the reasonable opinion of the Representative materially adversely affects the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds;

(ii) Legislation shall have been enacted or introduced for enactment or introduced, but only if such legislation would have an effective date prior to the Closing Date, or a decision by a court of the United States shall be made, the effect of which is that obligations of the general character of the Bonds, the offering or sale of the Bonds or the performance by the Authority or the City in accordance with their respective Resolution, each as contemplated hereby or by the Preliminary Official Statement and the Official Statement is or would be in violation of the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect (the "*Securities Act*"), the Securities Exchange Act, or the Trust Indenture Act of 1939, as amended and as then in effect (the "*Trust Indenture Act*");

(iii) A stop order, ruling or regulation by the Securities and Exchange Commission shall be issued or made, but only if such stop order, ruling or regulation would have an effective date prior to the Closing Date and the effect of which is that obligations of the general character of the Bonds, the issuance, offering or sale of the Bonds or the performance by either the Authority or the City in accordance with their respective Resolutions, each as contemplated hereby or by the Preliminary Official Statement and the Official Statement, is or would be in violation of any provision of the Securities Act, of the Securities Exchange Act, or of the Trust Indenture Act;

(iv) There shall have occurred any outbreak or escalation of hostilities or any national or international calamity or crisis, the effect of which on the financial markets of the United States being such as in the reasonable opinion of the Representative materially adversely affects the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds;

(v) There shall have occurred a general suspension of trading on the New York Stock Exchange, or a general banking moratorium shall have been declared by federal, California or New York state authorities having jurisdiction and being in force;

(vi) Any legislation, ordinance, rule or regulation shall be enacted by any governmental body, board, department or agency of the State or the United States or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered affecting the Authority or

the City that has a material adverse effect on the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds;

(vii) Any national securities exchange, the Comptroller of the Currency, or any other governmental authority, shall impose as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwrites;

(viii) Any action concerning any rating of the Bonds shall have been taken by S&P Global Ratings ("**S&P**") which action, in the reasonable opinion of the Representative, materially adversely affects the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds;

(ix) There shall exist any event which, in the reasonable judgment of the Underwriter or Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, ("*Underwriter's Counsel*"), following consultation with the City Attorney, the Finance Director of the City, either (A) makes untrue in any material respect any statement or information contained in the Preliminary Official Statement and in the Official Statement, or (B) is not reflected in the Preliminary Official Statement and in the Official Statement but should be reflected therein in order to make the statements and information contained therein, in light of the circumstances under which they were made, not misleading in any material respect, or (C) requires or has required an amendment of or supplement to the Official Statement as of its date; or

(x) There shall have occurred an adverse change in the financial position, results of operations or financial condition of the City which may result in any material adverse change in the business, properties, assets or the financial condition of the City or which may have a material adverse effect on the ability of the City to meet its obligations under the City Resolution;

(e) at or prior to the Closing, the Underwriter shall receive the following documents, in each case to the reasonable satisfaction in form and substance of the Underwriter:

(i) The executed Authority Resolution relating to the Bonds and authorizing the execution and delivery of the Authority Documents;

(ii) The executed City Resolution relating to the Bonds and authorizing the execution and delivery of the Bonds, the City Documents;

(iii) The Preliminary Official Statement, and the Official Statement signed by authorized officials of the Authority and the City;

(iv) The City Documents and the Authority Documents duly executed and delivered by the respective parties thereto, with only such amendments, modifications or supplements as may have been agreed to in writing by the Underwriter;

(v) A certification of the City that the insurance required to be in effect on the Closing Date under the Installment Sale Agreement is in fact in effect as of such date;

(vi) The approving opinion of Bond Counsel dated the Closing Date and addressed to the City, in substantially the forms attached as Appendix F to the Official Statement, and reliance letters thereon addressed to the Underwriter and the Trustee;

(vii) A supplemental opinion of Bond Counsel dated the Closing Date and addressed to the Underwriter, to the effect that:

(A) the statements on the cover of the Official Statement and in the Official Statement under the captions "INTRODUCTION," "FINANCING PLAN," "THE 2026 BONDS," "SECURITY FOR THE 2026 BONDS" and "TAX MATTERS" and in Appendices C and E, excluding any material that may be treated as included under such captions and appendices by any cross-reference, insofar as such statements expressly summarize provisions of the Bonds, the City Documents, the Authority Documents and Bond Counsel's final opinion concerning the Bonds or state legal conclusions with respect to the matters covered by such final opinions, present a fair and accurate summary of the provisions thereof, provided that Bond Counsel need not express any opinion with respect to any financial or statistical data contained therein or with respect to the book-entry system in which the Bonds are initially issued;

(B) The City Documents and the Authority Documents have been duly authorized, executed and delivered by the Authority and the City, as applicable, and are the valid, legal and binding agreements of the Authority and the City, as applicable, enforceable in accordance with their respective terms, except that the rights and obligations thereunder are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State, and provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein; and

(C) 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;

(viii) Evidence that S&P has assigned its long-term rating of "___" to the Bonds and that such rating is in full force and effect on the Closing Date;

(ix) A certificate, dated the Closing Date, signed by a duly authorized officer of the Authority satisfactory in form and substance to the Underwriter to the effect that: (i) the representations, warranties and covenants of the Authority contained in the Purchase Agreement 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 by the Authority, and the Authority has complied with, in all material respects, all of the terms and conditions of the Purchase Agreement required to be complied with by the Authority at or prior to the Closing Date; (ii) to the best of such officer's knowledge, no event affecting the Authority has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; and (iii) the information and statements contained in the Official Statement concerning the Authority did not as of its date and do not as of the Closing contain an untrue statement of a material fact or omit 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 in any material respect;

(x) A certificate, dated the Closing Date, signed by a duly authorized officer of the City satisfactory in form and substance to the Underwriter to the effect that: (i) the representations, warranties and covenants of the City contained in the Purchase Agreement 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 by the City, and the City has complied with, in all material respects, all of the terms and conditions of the Purchase Agreement required to be complied with by the City at or prior to the Closing Date; (ii) to the best of such officer's knowledge, no event affecting the City has occurred since the date of the Official Statement which

should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; and (iii) the information and statements contained in the Official Statement did not as of its date and do not as of the Closing contain an untrue statement of a material fact or omit 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 in any material respect;

(xi) An opinion of counsel to the Authority dated the Closing Date and addressed to the Underwriter and the Trustee to the effect that:

(A) The Authority is a joint exercise of powers authority, duly organized and validly existing under the Constitution and the laws of the State of California;

(B) The Authority Resolution approving and authorizing the execution and delivery of the Authority Documents, and approving the Official Statement, was duly adopted at a meeting of the Board of Directors of the Authority 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 such resolution is in full force and effect and has not been modified, amended, or rescinded

(C) To such counsel's knowledge, the execution and delivery of the Authority Documents and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with, or constitute on the part of the Authority a breach of or default under, as applicable: (a) any agreement or other instrument to which the Authority is a party or by which it is bound; or (b) any existing law, regulation, court order or consent decree to which the Authority is subject, which breach or default has or may have a material adverse effect on the ability of the Authority to perform its obligations under the Authority Documents; and

(D) To such counsel's knowledge, except as otherwise disclosed in the Official Statement, there is no litigation, proceeding, action, suit or investigation at law or in equity before or by any court, governmental agency or body, pending, with service of process upon the Authority having been accomplished, or threatened in writing against the Authority, challenging the creation, organization or existence of the Authority, or the validity of the Authority Documents or seeking to restrain or enjoin the collection of the Installment Payments under the Installment Sale Agreement or the repayment of the Bonds or in any way contesting the authority of the Authority to enter into or perform its obligations under the Authority Documents;

(xii) An opinion of the City Attorney dated the Closing Date and addressed to the Underwriter and the Trustee to the effect that:

(A) The City is a municipal corporation and general law city, duly organized and validly existing under the laws of the State of California; and

(B) The City Resolution approving and authorizing the execution and delivery of the City Documents, and approving the Official Statement, was duly adopted at a meeting of the City Council 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 such resolution is in full force and effect and has not been modified, amended, or rescinded;

(C) To such counsel's knowledge, the execution and delivery of the City Documents and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with, or constitute on the part of the City a breach of or

default under, as applicable: (a) any agreement or other instrument to which the City is a party or by which it is bound; or (b) any existing law, regulation, court order or consent decree to which the City is subject, which breach or default has or may have a material adverse effect on the ability of the City to perform its obligations under the City Documents; and

(D) To such counsel's knowledge, except as otherwise disclosed in the Official Statement, there is no litigation, proceeding, action, suit or investigation at law or in equity before or by any court, governmental agency or body, pending, with service of process upon the City having been accomplished, or threatened in writing against the City, challenging the creation, organization or existence of the City, or the validity of the City Documents or seeking to restrain or enjoin the payment of the Installment Payments or in any way contesting or affecting the validity of the City Documents or contesting the authority of the City to enter into or perform its obligations under any of the City Documents;

(xiii) A negative assurance letter of Jones Hall LLP, as disclosure counsel ("*Disclosure Counsel*"), relating to the Preliminary Official Statement and the Official Statement, in form and substance satisfactory to the Underwriter;

(xiv) An opinion of Underwriter's Counsel, in form and substance satisfactory to the Underwriter;

(xv) An opinion of counsel to the Trustee, addressed to the Underwriter and dated the Closing Date, in form and substance satisfactory to the Underwriter and to Bond Counsel;

(xvi) A certificate or certificates, dated the Closing Date, signed by a duly authorized official of the Trustee in form and substance satisfactory to the Underwriter, and an incumbency certificate of the Trustee;

(xvii) Preliminary and final statements of sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 53583 of the Government Code and Section 8855(g) of the Government Code relating to the Bonds and the Installment Sale Agreement;

(xviii) A copy of the executed Blanket Issuer Letter of Representations by and between the Authority and DTC relating to the book-entry system;

(xix) The tax and nonarbitrage certificate of the Authority and the City relating to the Bonds, and a form 8038-G relating to the Bonds, each in form and substance to the reasonable satisfaction of Bond Counsel and the Underwriter;

(xx) A certificate, dated the date of the Preliminary Official Statement, of the Authority and the City, as required under Rule 15c2-12;

(xxi) Certified copies of the JPA Agreement and related certificates issued by the Secretary of State of the State of California;

(xxii) Evidence that a Debt Management Policy which complies with Section 8855 of the Government Code has been adopted by the City and/or the Authority; and

(xxiii) Such additional legal opinions, certificates, proceedings, instruments or other documents as Bond Counsel or the Underwriter may reasonably request.

Section 9. Changes in the Official Statement. After the Closing, the Authority and the City will not adopt any amendment of or supplement to the Official Statement to which the Underwriter shall reasonably object in writing. Within twenty-five (25) days following the end of the underwriting period, if any event relating to or affecting the Bonds, the Trustee, the City or the Authority shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in any material respect in the light of the circumstances existing at the time it is delivered to a purchaser, the Authority and the City will forthwith prepare and furnish to the Underwriter an amendment or supplement that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to purchaser, not misleading. The Authority and the City shall cooperate with the Underwriter in the filing by the Underwriter of such amendment or supplement to the Official Statement with the MSRB. The Underwriter acknowledges that the end of the underwriting period will be the Closing Date.

Section 10. 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 City shall pay or cause to be paid (from the proceeds of the Bonds or from any legally available funds) all expenses that are incident to the performance of the City's and the Authority's obligations hereunder, including, but not limited to, the cost of printing and delivering the Bonds to the Underwriter, the cost of preparation, printing, distribution and delivery of the City Documents, the Authority Documents, 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, the fees and disbursements of the Trustee, Bond Counsel, Disclosure Counsel, PFM Financial Advisors LLC as Municipal Advisor, and any accountants, engineers or any other experts or consultants retained by or on behalf of the City in connection with the issuance of the Bonds, and any other expenses that are agreed to by the parties; and

(b) The Authority and the City 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 the 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 the 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 Underwriter's Counsel, any rating agencies, MSRB fees, and any advertising expenses.

Section 11. Notices. Any notice or other communication to be given to the Underwriter under the Purchase Agreement may be given by delivering the same in writing to Siebert Williams Shank & Co., LLC, 1999 Harrison Street, Suite 2720, Oakland, CA 94612; Attention: David Stinfil, Managing Director. All notices or communications hereunder by any party shall be given and served upon each other party. Any notice or communication to be given to the City or the Authority under the Purchase Agreement may be given by delivering the same in writing to the address set forth on the first page of the Purchase Agreement.

Section 12. Parties in Interest. The Purchase Agreement is made solely for the benefit of the Authority, the City, and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the Authority and the City in the Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Bonds.

Section 13. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

Section 14. Counterparts. The Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. This Purchase Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by e-mail with a pdf copy or other replicating image attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

Section 15. Survival of Representations and Warranties. The representations and warranties of the Authority and the City in or made pursuant to the Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of the 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 Authority and the City and regardless of delivery of and payment for the Bonds.

Section 16. Effectiveness. The Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Authority and the City and shall be valid and enforceable as of the time of such acceptance.

Section 17. Governing Law. The Purchase Agreement shall be governed by and construed in accordance with the laws of the State.

SIEBERT WILLIAMS SHANK & CO., LLC, as Underwriter

By: _____
Title: Authorized Officer

Accepted as of the date first stated above:

PLEASANTON FINANCE AUTHORITY

By: _____
Authorized Officer

CITY OF PLEASANTON

By: _____
Authorized Officer

Time of Execution: _____ PM

APPROVED AS TO FORM:

By: _____
Daniel Sodergren
Authority General Counsel
and City Attorney

EXHIBIT A

MATURITY SCHEDULE

$[PAR AMOUNT]
Pleasanton Joint Powers Financing Authority
2026 Water Revenue Bonds

Maturity Date (April 1)	Principal Amount	Interest Rate	Yield	Initial Offering Price	10% Test Used	Hold the Offering Price Rule Used

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[C] Priced to par call on April 1, 20__.
[†] Term Bonds.

EXHIBIT B

$[PAR AMOUNT]
Pleasanton Joint Powers Financing Authority
2026 Water Revenue Bonds

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Siebert Williams Shank & Co., LLC ("Siebert") hereby certifies as set forth below with respect to the sale and issuance 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) Siebert 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 _____, 2026 (the "Sale Date"), among the Authority, the City, and Siebert, Siebert 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 retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule.]

3. ***Defined Terms.***

(a) *Authority* means the Pleasanton Joint Powers Financing Authority.

(a) *City* means the City of Pleasanton.

(b) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(c) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule 1 hereto as the "Hold-the-Offering-Price Maturities."

(d) *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 ____, 2026), or (ii) the date on which the Tax Law Underwriter 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.

(e) *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

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than the Underwriter or a related party to the 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.

(g) *Underwriter* means: (i) any person that agrees pursuant to a written contract with the Authority and the City (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).

4. ***Yield.***

Siebert has been asked by the Authority, the City, and Bond Counsel to calculate the arbitrage yield of the Bonds under Section 148 of the Internal Revenue Code of 1986, as amended. Bond Counsel has advised us that the yield on the Bonds is to be computed under the economic accrual method using an assumed 30-day month/360-day year and semiannual compounding. [The Authority and the City have advised us that no other transaction (such as a guarantee of the Bonds, an interest rate swap or other hedge) is to be factored into the computation of the yield on the Bonds, that the Bonds are first callable at par at the option of the Authority on April 1, 20__, and that none of the Bonds are subject to optional redemption by Authority within nine years of the date hereof.]

Based on the above methodology, we has provided the attached Schedule C to the Authority and the City regarding computing yield on the Bonds.

The undersigned reminds you that we are not accountants or actuaries, nor are we engaged in the practice of law. Accordingly, while we believe the calculations described above to be correct, we do not warrant them to be so, nor do we warrant their validity for purposes of Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents our 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 Authority with respect to certain of the representations set forth in the tax and nonarbitrage certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and tax and nonarbitrage certificate by Bond Counsel in connection with rendering its opinion that the interest on 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 Bond Counsel may give to the Authority from time to time relating to the Bonds.

SIEBERT WILLIAMS SHANK & CO., LLC

By:_____

Name:_____

Dated: ____, 2026

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

General Rule Maturities

Maturity Date (April 1)	Principal Amount	Interest Rate	Yield	Initial Offering Price

Hold the Offering Price Maturities

Maturity Date (April 1)	Principal Amount	Interest Rate	Yield	Initial Offering Price

[C] Priced to par call on ____, 20__.
[†] Term Bonds.

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

(*Attached*)

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER [17], 2026

NEW ISSUE – FULL BOOK-ENTRY

S&P RATING: "AA"
See "RATING" herein.

In the opinion of Jones Hall LLP, as Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2026 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. Interest on the 2026 Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, interest on the 2026 Bonds is exempt from California personal income taxes. See "TAX MATTERS."

$15,000,000*
PLEASANTON JOINT POWERS FINANCING AUTHORITY
2026 WATER REVENUE BONDS

Dated: Date of Delivery **Due: April 1, as shown on inside cover**

Authority for Issuance. The bonds captioned above (the "2026 Bonds") are being issued by the Pleasanton Joint Powers Financing Authority (the "Authority") under a resolution adopted by the governing body of the Authority, the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the "Bond Law"), and an Indenture of Trust dated as of October 1, 2026 (the "Indenture"), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee. See "THE 2026 BONDS – Authority for Issuance."

Use of Proceeds. The 2026 Bonds are being issued to provide funds to (i) assist the City of Pleasanton (the "City") with financing certain improvements to the City's water system (as further defined herein, the "Water System"), and (ii) pay the costs of issuing the 2026 Bonds. See "FINANCING PLAN."

Security for the 2026 Bonds. The 2026 Bonds are special obligations of the Authority, payable from the "Revenues" pledged under the Indenture, which consist primarily of installment payments (the "Installment Payments") payable by the City to the Authority under an Installment Sale Agreement, dated as of October 1, 2026 (the "Installment Sale Agreement") pursuant to which the City is purchasing the Water System improvements being financed. Repayment of the Installment Payments is secured by a pledge of the "Net Revenues" of the Water System. Neither the Authority nor the City will fund a debt service reserve fund in connection with the 2026 Bonds. See "SECURITY FOR THE 2026 BONDS."

Parity Debt. There are currently outstanding obligations payable from the Net Revenues of the Water System, as described herein. Additional series of bonds or other debt may be issued in the future that are payable from Net Revenues on a parity with the Installment Payments, subject to the conditions contained in the Installment Sale Agreement. See "SECURITY FOR THE 2026 BONDS – Parity Debt."

Bond Terms; Book-Entry Only. The 2026 Bonds will bear interest at the rates shown on the inside cover, payable semiannually on April 1 and October 1 of each year, commencing on April 1, 2027, and will be issued in fully registered form without coupons in the denomination of $5,000 or any integral multiple of $5,000. The 2026 Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Purchasers of the 2026 Bonds will not receive certificates representing their interests in the 2026 Bonds. Payments of the principal of, premium, if any, and interest on the 2026 Bonds will be made to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the 2026 Bonds. See "THE 2026 BONDS – General Bond Terms."

Redemption. **The 2026 Bonds are subject to redemption prior to maturity. See "THE 2026 BONDS – Redemption."**

THE 2026 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED BY THE REVENUES, WHICH CONSIST PRIMARILY OF THE INSTALLMENT PAYMENTS. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED TO THE PAYMENT OF THE INSTALLMENT PAYMENTS. THE 2026 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, OR LIEN, OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE REVENUES AS DESCRIBED HEREIN.

MATURITY SCHEDULE
(see inside cover)

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE OF BONDS. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE PURCHASE OF THE 2026 BONDS. INVESTMENT IN THE BONDS INVOLVES RISKS THAT MAY NOT BE APPROPRIATE FOR SOME INVESTORS. SEE "BOND OWNERS' RISKS."

The 2026 Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Jones Hall LLP, San Mateo, California, as Bond Counsel. Certain legal matters will also be passed upon for the City by Jones Hall LLP, as Disclosure Counsel, and by the City Attorney. Certain legal matters will be passed upon for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth LLP. It is anticipated that the 2026 Bonds, in book-entry only form, will be available through the facilities of DTC on or about October [13], 2026*.

Siebert Williams Shank & Co., LLC

The date of this Official Statement is: _____, 2026.

* Preliminary; subject to change.

MATURITY SCHEDULE

$___ Serial Bonds
(Base CUSIP†: _____)

Maturity (April 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†

$___ _____% Term Bond Due April 1, 20___; Yield ____%; Price: ____%
CUSIP†: _____

$___ _____% Term Bond Due ___, 20___; Yield ____%; Price: ____%
CUSIP†: _____

$___ _____% Term Bond Due ___, 20___; Yield ____%; Price: ____%
CUSIP†: _____

$___ _____% Term Bond Due ___, 20___; Yield ____%; Price: ____%
CUSIP†: _____

† CUSIP is a Registered Trademark of The American Bankers Association (ABA). FactSet Research Systems Inc. operates The CUSIP Service Bureau for the ABA. These data are not intended to create a database and do not serve in any way as a substitute for the CUSIP services. None of the Authority, the City, the Underwriter, or their agents, is responsible for the selection or correctness of the CUSIP numbers set forth above.

PLEASANTON JOINT POWERS FINANCING AUTHORITY
(Alameda County, California)

GOVERNING BOARD OF THE AUTHORITY AND CITY COUNCIL OF THE CITY

Jack Balch, *Chair/Mayor*
Matt Gaidos, *Vice-Chair/Vice-Mayor*
Craig Eicher, *Boardmember/Councilmember*
Julie Testa, *Boardmember/Councilmember*
Jeff Nibert, *Boardmember/Councilmember*

AUTHORITY/CITY OFFICIALS

Joseph Calabrigo, *Interim Executive Director/Interim City Manager**
Susan Hsieh, *Treasurer/Director of Finance*
Siew-Chin Yeong, *Public Works Director*
Daniel Sodergren, *Authority General Counsel/City Attorney*
Jocelyn Kwong, *Secretary/City Clerk*

SPECIAL SERVICES

Municipal Advisor
PFM Financial Advisors LLC
San Francisco, California

Bond Counsel and Disclosure Counsel
Jones Hall LLP
San Mateo, California

Trustee
U.S. Bank Trust Company, National Association
San Francisco, California

[* A search is currently underway for a permanent City Manager.]

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the 2026 Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2026 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the City or the Water System since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the 2026 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the 2026 Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

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 responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Document References and Summaries. All references to and summaries of the Indenture or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the 2026 Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. 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," "budget" or other similar words.

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. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

Internet Site. The City maintains an internet site; however, none of the information contained on that internet site is incorporated by reference in this Official Statement.

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OFFICIAL STATEMENT

$15,000,000*
PLEASANTON JOINT POWERS FINANCING AUTHORITY
2026 WATER REVENUE BONDS

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. Capitalized terms used but not defined in this Official Statement have the meanings given in the Indenture (as defined below). See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS."

The Authority and the City. The Pleasanton Joint Powers Financing Authority (the "**Authority**") is a joint exercise of powers authority established by the City of Pleasanton (the "**City**") and the City of Pleasanton Housing Authority pursuant to a Joint Exercise of Powers Agreement, dated as of June 29, 1993, for the purpose, among others, of having the Authority issue its bonds to finance the acquisition, construction and improvement of certain public capital improvements in the City. The City is a general law city located in the County of Alameda (the "**County**") in the San Francisco Bay Area. For background, demographic and economic information regarding the City and the County, see APPENDIX D – "GENERAL INFORMATION ABOUT THE CITY OF PLEASANTON AND THE COUNTY OF ALAMEDA."

Authority for Issuance. The bonds captioned above (the "**2026 Bonds**") are being issued by the Authority under a resolution adopted by the governing body of the Authority, the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the "**Bond Law**"), and an Indenture of Trust dated as of October 1, 2026 (the "**Indenture**"), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee. See "THE 2026 BONDS – Authority for Issuance."

Purpose of the 2026 Bonds. The 2026 Bonds are being issued to provide funds to (i) assist the City with financing certain improvements to the City's water system (as further defined herein, the "**Water System**"), and (ii) pay the costs of issuing the 2026 Bonds. See "FINANCING PLAN."

Security for the 2026 Bonds. The 2026 Bonds are special obligations of the Authority, payable from the "Revenues" pledged under the Indenture, which consist primarily of installment payments (the "**Installment Payments**") payable by the City to the Authority under an Installment Sale Agreement, dated as of October 1, 2026 (the "**Installment Sale Agreement**")

* Preliminary, subject to change.

pursuant to which the City is purchasing the Water System improvements being financed. Repayment of the Installment Payments is secured by a pledge of the "Net Revenues" of the Water System. "**Net Revenues**" are generally defined as the "Gross Revenues" received from the Water System, less the amount of "Operations and Maintenance Costs" of the Water System (as those terms are defined in the Indenture). See "SECURITY FOR THE 2026 BONDS."

Parity Debt. The City has an outstanding State Revolving Fund loan from the California State Water Resources Control Board for Water System improvements, with an outstanding principal balance as of June 30, 2026 of $8,200,805, payable from Net Revenues on parity with the Installment Payments and outstanding Pleasanton Joint Powers Financing Authority 2024 Water Revenue Bonds, with an outstanding principal balance as of June 30, 2026 of $16,605,000, payable from Net Revenues of the Water System. See "THE WATER SYSTEM – Outstanding Indebtedness." Additional series of bonds or other debt may be issued in the future that are payable from Net Revenues on a parity with the Installment Payments, subject to the conditions contained in the Installment Sale Agreement. See "SECURITY FOR THE 2026 BONDS – Parity Debt."

Rate Covenants. Under the Installment Sale Agreement, the City is obligated to fix, prescribe, revise, and collect rates and charges for the Water System during each Fiscal Year that are sufficient to yield Net Revenues of at least 120% of Debt Service on the Bonds and Parity Debt (if any) in that Fiscal Year (as such capitalized terms are defined in the Indenture).

Under the Installment Sale Agreement, the City must also fix, prescribe, revise, and collect charges for the Water System during each Fiscal Year to pay (i) all Operations and Maintenance Costs of the Water System estimated by the City to become due and payable in such Fiscal Year, (ii) the Installment Payments and debt service on any Parity Debt, (iii) all other payments required for compliance with the Installment Sale Agreement, the Indenture and the Parity Debt Instruments, and (iv) all payments required to meet any other obligations of the City which are charges, liens, encumbrances upon or payable from the Gross Revenues or the Net Revenues of the Water System (as such capitalized terms are defined in the Indenture). Debt Service includes amounts due with respect to the 2026 Bonds, plus any Parity Debt that may be issued or incurred in the future. See "SECURITY FOR THE 2026 BONDS – Rate Covenants."

No Reserve Fund. Neither the Authority nor the City will fund a debt service reserve fund for the 2026 Bonds.

Risks of Investment. The 2026 Bonds are repayable from the Revenues, which are primarily secured by the Installment Payments payable by the City from the Net Revenues of the Water System. For a discussion of some of the risks associated with the purchase of the 2026 Bonds, see "BOND OWNERS' RISKS."

THE 2026 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED BY THE REVENUES, WHICH CONSIST PRIMARILY OF THE INSTALLMENT PAYMENTS. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED TO THE PAYMENT OF THE INSTALLMENT PAYMENTS. THE 2026 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, OR LIEN, OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE REVENUES AS DESCRIBED HEREIN.

FINANCING PLAN

The 2026 Bonds are being issued to provide funds to (i) assist the City with financing certain improvements to the Water System (as described herein, the "**Project**"), and (ii) pay the costs of issuing the 2026 Bonds.

The Project

The Project is expected to consist primarily of improvements (generally described as the "**2026 Water Project**"), and any other improvements to the Water System approved by the City Council, including but not limited to associated management, administration, financing, planning, environmental studies, permitting, procurement, right-of-way acquisition, legal service, engineering, inspection, outreach, construction, and closeout costs.

The proceeds of the 2026 Bonds will be used to finance all or a portion of the following improvements:

- Water Meter and Advanced Metering Infrastructure (AMI) System Replacement
- City Groundwater Supply Project(s)
- Water System Emergency Power Improvements Program
- Annual Water Distribution System Improvements
- Any other improvements to the Water System approved by the City Council

For additional information, see "THE WATER SYSTEM – Capital Improvement Program."

As provided in the Indenture and the Installment Sale Agreement, amounts not used for the above-described projects may be expended for other improvements to the Water System approved by the City Council.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds relating to the 2026 Bonds are as follows:

Sources:	
Principal Amount of 2026 Bonds	$
Plus/Less [Net] Original Issue Premium/Discount	
Total Sources	$
Uses:	
Deposit to Project Fund	
Costs of Issuance[(1)]	
Total Uses	$

(1) Costs of Issuance include legal fees, Municipal Advisor's fee, Underwriter's discount, printing costs, rating agency fees, and other expenses related to the issuance of the 2026 Bonds. For details regarding the Underwriter's discount, see "UNDERWRITING."

THE 2026 BONDS

This section provides summaries of the 2026 Bonds and certain provisions of the Indenture. See APPENDIX A for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX A.

Authority for Issuance

The 2026 Bonds are being issued by the Authority under a resolution adopted by the governing body of the Authority on [September 15], 2026, the Bond Law, and the Indenture. The City, pursuant to a resolution adopted by the City Council of the City on [September 15], 2026, has also approved of the issuance of the Bonds and the distribution of the Official Statement.

General Bond Terms

Bond Terms. The 2026 Bonds will be dated as of their date of delivery and issued in fully registered form without coupons, in denominations of $5,000 or any integral multiple of $5,000, so long as no 2026 Bond has more than one maturity date. The 2026 Bonds will mature in the amounts and on the dates, and bear interest at the rates per annum, set forth on the inside cover page of this Official Statement.

***Payments*.** Interest on the 2026 Bonds will be payable on April 1 and October 1 of each year to maturity (each an "**Interest Payment Date**"), commencing April 1, 2027.

Interest on the 2026 Bonds will 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 2026 Bonds with respect to which written instructions have been filed with the Trustee prior to the applicable Record Date, by wire transfer, at the address of such Owner as it appears on the Bond Registration Books.

If there exists a default in payment of interest due on such Interest Payment Date, such interest will be payable on a payment date established by the Trustee to the persons in whose names the 2026 Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered Owners of the 2026 Bonds not less than 10 days preceding such special record date.

Principal of and premium (if any) on any 2026 Bond will be paid upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee. Both the principal of and interest and premium (if any) on the 2026 Bonds will be payable in lawful money of the United States of America.

However, as long as Cede & Co. is the registered owner of the 2026 Bonds, as described below, payments of the principal of, premium, if any, and interest on the 2026 Bonds will be made directly to DTC, or its nominee, Cede & Co. See also "APPENDIX F- DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Calculation of Interest. The 2026 Bonds will be dated the Closing Date 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 prior to the first Record Date, in which event such interest is payable from the Closing Date; provided, however, that if, as of the date of authentication of any 2026 Bond, interest thereon is in default, such 2026 Bond will bear interest from the date to which interest has previously been paid or made available for payment thereon in full.

Record Date. The Indenture defines the "**Record Date**" for the 2026 Bonds as the 15th calendar day of the month preceding an Interest Payment Date.

Book-Entry Only System. The 2026 Bonds will be registered in the name of Cede & Co., as nominee of the Depository Trust Company ("**DTC**"), as the initial securities depository for the 2026 Bonds. Ownership interests in the 2026 Bonds may be purchased in book-entry form only. Purchasers of the 2026 Bonds will not receive physical bonds representing their ownership interests in the 2026 Bonds purchased.

Principal and interest payments with respect to the 2026 Bonds are payable directly to DTC by the Trustee. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the 2026 Bonds. See "APPENDIX F – DTC and the Book-Entry Only System."

So long as the 2026 Bonds are registered in the name of Cede & Co., as nominee of DTC, references in this Official Statement to the "owners" mean Cede & Co., and not the purchasers or Beneficial Owners of the 2026 Bonds. See "APPENDIX F – DTC and the Book-Entry Only System."

Redemption*

Optional Redemption. The 2026 Bonds maturing on or before April 1, 20__, are not subject to optional redemption prior to their respective stated maturity dates. The 2026 Bonds maturing on or after April 1, 20__, are subject to redemption in whole, or in part at the Written Request of the Authority among maturities on such basis as the Authority may designate and by lot within a maturity, at the option of the Authority, on any date on or after April 1, 20__, from any available source of funds, at a redemption price equal to the principal amount of the 2026 Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

Special Mandatory Redemption from Insurance and Sale Proceeds. The 2026 Bonds are subject to mandatory redemption, on any date, in whole, or in part on a pro rata basis among maturities, from the net proceeds of insurance, sale or condemnation credited towards the prepayment of the Installment Payments by the City under the Installment Sale Agreement, at a redemption price equal to the principal amount represented thereby to be prepaid, without premium, together with accrued interest represented thereby to the redemption date.

Mandatory Sinking Fund Redemption. The 2026 Bonds maturing on April 1, 20__ and April 1, 20__ (the "**2026 Term Bonds**") are also subject to redemption, by lot, on April 1 in each of the years as set forth in the following tables, from deposits made for such purpose pursuant to the Indenture, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu

* Preliminary; subject to change.

thereof may be purchased, in the aggregate respective principal amounts and on the respective dates as set forth in the following tables; provided, however, that if some but not all of the 2026 Term Bonds have been redeemed pursuant to paragraphs described above, the total amount of all future payments with respect to such 2026 Term Bonds shall be reduced by the aggregate principal amount of such 2026 Term Bonds so redeemed, to be allocated among such payments in integral multiples of $5,000 as determined by the Authority (written notice of which determination shall be given by the Authority to the Trustee).

2026 Term Bonds Maturing April 1, 20__

Sinking Fund Redemption Date (April 1)	Principal Amount To Be Redeemed

2026 Term Bonds Maturing April 1, 20__

Sinking Fund Redemption Date (April 1)	Principal Amount To Be Redeemed

2026 Term Bonds Maturing April 1, 20__

Sinking Fund Redemption Date (April 1)	Principal Amount To Be Redeemed

2026 Term Bonds Maturing April 1, 20__

Sinking Fund Redemption Date (April 1)	Principal Amount To Be Redeemed

In lieu of mandatory sinking fund redemption of the 2026 Term Bonds, amounts on deposit in the Bond Fund (to the extent not required to be deposited by the Trustee in the Interest Account or the Principal Account pursuant to the Indenture during the current Bond

Year) may also be used and withdrawn by the Authority, upon the Written Request of the Authority delivered to the Trustee, at any time for the purchase of such 2026 Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Authority may in its discretion determine. The par amount of any of such Term Bonds so purchased by the Authority in any twelve-month period ending on April 1 in any year shall be credited towards and shall reduce the par amount of such Term Bonds required to be redeemed pursuant to this provision on the next succeeding April 1.

Notice of Redemption. The Trustee shall mail notice of redemption of the 2026 Bonds by first class mail, postage prepaid, not less than 20 nor more than 60 days before any redemption date, to the respective Owners of any 2026 Bonds designated for redemption at their addresses appearing on the Bond Registration Books and to one or more Securities Depositories and to the Information Services. Each notice of redemption shall state the date of the notice, the redemption date, the place or places of redemption, whether less than all of the 2026 Bonds (or all 2026 Bonds of a single maturity) are to be redeemed, the CUSIP numbers and (in the event that not all 2026 Bonds within a maturity are called for redemption) 2026 Bond numbers of the 2026 Bonds to be redeemed and the maturity or maturities of the 2026 Bonds to be redeemed, and in the case of 2026 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the redemption date there will become due and payable on each of said 2026 Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered.

Each notice relating to a redemption pursuant to the optional redemption or special mandatory redemption provisions described above shall further state that such redemption may be rescinded by the Authority on or prior to the date set for redemption. Neither the failure to receive any notice nor any defect therein shall affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of 2026 Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

Notwithstanding the foregoing, while the 2026 Bonds are subject to DTC's book-entry system, the Trustee will be required to give notice of redemption only to DTC as provided in the letter of representations executed by the Authority and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of redemption to the beneficial owners of the 2026 Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any 2026 Bonds to be redeemed, of a notice of redemption or its content or effect will not affect the validity of the notice of redemption, or alter the effect of redemption set forth in the Indenture.

Rescission of Redemption and Cancellation of Redemption Notice. The Authority shall have the right to rescind any redemption pursuant to the optional redemption or special mandatory redemption provisions described above by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the 2026 Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

Selection of 2026 Bonds for Redemption. With respect to the 2026 Bonds, whenever less than all of the 2026 Bonds of a maturity are to be selected for redemption, the Trustee shall

determine, by lot, the numbers of the 2026 Bonds of such maturity to be redeemed, and shall notify the City thereof.

Partial Redemption of 2026 Bonds. Whenever provision is made in the Indenture for the redemption of less than all of the 2026 Bonds of a single maturity of the same issue, the Trustee shall select the 2026 Bonds of that maturity to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, the Trustee shall treat each 2026 Bond as consisting of separate $5,000 portions and each such portion shall be subject to redemption as if such portion were a separate 2026 Bond.

Registration, Transfer and Exchange

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

Transfer. Any 2026 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 a duly authorized attorney of such person, upon surrender of such 2026 Bond to the Trustee at its Principal Corporate Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee shall collect any tax or other governmental charge on the transfer of any 2026 Bonds under the Indenture. Whenever any 2026 Bond or 2026 Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and deliver to the transferee a new 2026 Bond or 2026 Bonds of like series, interest rate, maturity and aggregate principal amount. The Authority shall pay the cost of printing 2026 Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of 2026 Bonds.

Exchange. The 2026 Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee for a like aggregate principal amount of 2026 Bonds of other authorized denominations and of the same series, interest rate and maturity. The Trustee shall collect any tax or other governmental charge on the exchange of any 2026 Bonds. The Authority shall pay the cost of printing 2026 Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of 2026 Bonds.

Limitations. The Trustee may refuse to transfer or exchange, under the provisions of the Indenture, any 2026 Bonds selected by the Trustee for redemption under the Indenture, or any 2026 Bonds during the period established by the Trustee for the selection of 2026 Bonds for redemption.

DEBT SERVICE SCHEDULE

Annual debt service on the 2026 Bonds is presented below. For combined debt service on the 2026 Bonds and outstanding Parity Debt, see "THE WATER SYSTEM – Outstanding Indebtedness."

Period Ending April 1	Principal	Interest	Annual Debt Service
2027	$385,000	$332,733	$717,733
2028	310,000	693,750	1,003,750
2029	325,000	678,250	1,003,250
2030	345,000	662,000	1,007,000
2031	360,000	644,750	1,004,750
2032	380,000	626,750	1,006,750
2033	400,000	607,750	1,007,750
2034	415,000	587,750	1,002,750
2035	440,000	567,000	1,007,000
2036	460,000	545,000	1,005,000
2037	485,000	522,000	1,007,000
2038	510,000	497,750	1,007,750
2039	535,000	472,250	1,007,250
2040	560,000	445,500	1,005,500
2041	590,000	417,500	1,007,500
2042	615,000	388,000	1,003,000
2043	650,000	357,250	1,007,250
2044	680,000	324,750	1,004,750
2045	715,000	290,750	1,005,750
2046	750,000	255,000	1,005,000
2047	790,000	217,500	1,007,500
2048	825,000	178,000	1,003,000
2049	870,000	136,750	1,006,750
2050	910,000	93,250	1,003,250
2051	955,000	47,750	1,002,750
Total:	**$14,260,000**	**$10,589,733**	**$24,849,733**

Source: Underwriter.

SECURITY FOR THE 2026 BONDS

This section provides summaries of the security for the 2026 Bonds, and certain provisions of the Indenture and the Installment Sale Agreement. Unless the context otherwise requires, "Bonds" refers to the 2026 Bonds and any future Parity Debt outstanding under the Indenture. See APPENDIX A – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS" for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX A.

General; Limited Obligation

The 2026 Bonds are special limited obligations of the Authority and will be payable from and secured by a charge and lien on the Revenues, consisting primarily of the Installment Payments to be made by the City under the Installment Sale Agreement, and all amounts held in any fund or account established and held by the Trustee under the Indenture (other than the Project Fund and the Cost of Issuance Fund). Neither the faith and credit nor the taxing power of the Authority, the City, the State of California or any political subdivision thereof is pledged to the payment of the Installment Payments or the principal or redemption price of or interest on the 2026 Bonds. The Authority has no taxing power. Neither the payment of the principal of or interest on the 2026 Bonds nor the obligation of the City to make Installment Payments under the Installment Sale Agreement constitutes a debt of the City, the Authority, the State of California or any political subdivision thereof in contravention of the Constitution or the laws of the State of California.

Installment Payments; Pledge of Net Revenues

All of the Net Revenues are irrevocably pledged, charged and assigned to the punctual payment of the Installment Payments. Such pledge, charge and assignment constitutes a lien on the Net Revenues and such other moneys for the payment of the Installment Payments in accordance with the terms of the Installment Sale Agreement, which lien is on a parity with the pledge and lien which secures any future Parity Debt. For a description of existing and potential future Parity Debt see "– Parity Debt" below. As used in the Installment Sale Agreement and in the Indenture, the following terms have the following respective meanings:

Net Revenues. The Indenture defines "**Net Revenues**" as, for any Fiscal Year or other period of computation, Gross Revenues for such period, less the Operations and Maintenance Costs attributable to such period.

Gross Revenues. The Indenture defines "**Gross Revenues**" as, for each Fiscal Year, all gross income and revenue received or receivable by the City from the ownership or operation of the Water System, determined in accordance with generally accepted accounting principles, including all rates, fees, and charges (including City connection fees and charges) as received by the City for the services of the Water System, and all other income and revenue howsoever derived by the City from the ownership or operation of the Water System or arising from the Water System, including all income from the deposit or investment of any money in the Water Fund or any rate stabilization fund of the City or held on the City's behalf, and any refundable deposits made to establish credit, and advances or contributions in aid of construction.

Operation and Maintenance Costs. The Indenture defines "**Operation and Maintenance Costs**" as the reasonable and necessary costs paid or incurred by the City for maintaining and operating the Water System, determined in accordance with generally accepted

accounting principles, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Water System in good repair and working order, and including all reasonable and necessary administrative costs of the City that are charged directly or apportioned to the operation of the Water System, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits, licenses, and charges to operate the Water System and insurance premiums; but excluding, in all cases depreciation, replacement, and obsolescence charges or reserves therefor, amortization of intangibles and other non-cash charges (for example, OPEB and pension accruals).

Water System. The Indenture defines "**Water System**" as the entire system of the City for the treatment, production, storage and distribution of potable water and recycled water within the service area of the City, including but not limited to all facilities, properties, lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto at any time acquired, constructed or installed by the City and determined to be part of the Water System by the City.

Receipt and Use of Gross Revenues under Installment Sale Agreement

Flow of Funds. The City has previously established the Water Fund, which the City will continue to hold and maintain for the purposes and uses set forth in the Installment Sale Agreement. The City shall deposit all of the Gross Revenues in the Water Fund immediately upon receipt. The City shall apply amounts in the Water Fund as set forth in the Installment Sale Agreement and any resolution, trust indenture or installment sale agreement adopted, entered into or executed and delivered by the City under which Parity Debt may be issued (collectively, "**Parity Debt Instruments**"). Amounts on deposit in the Water Fund shall be applied by the City to pay when due the following amounts in the following order of priority:

(i) all Operations and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operations and Maintenance Costs) as such Operations and Maintenance Costs become due and payable;

(ii) to the Trustee (or other recipient set forth in a Parity Debt Instrument) the amount needed to pay the Installment Payments and principal of, and interest on, any Parity Debt;

(iii) to the Trustee (or other recipient set forth in a Parity Debt Instrument) the amount of any deficiency in any reserve fund established for any Bonds or Parity Debt, the notice of which deficiency has been given to the City in accordance with the Indenture and the related Parity Debt Instruments, on a pro rata basis; and

(iv) as long as all of the foregoing payments, allocations and transfers are made at the times and in the manner set forth above, any moneys remaining in the Water Fund may at any time be treated as surplus and applied for any lawful purpose.

No Preference or Priority. Payment of the Installment Payments and the principal of and interest on any Parity Debt shall be made without preference or priority among the Installment Payments and such Parity Debt. If the amount of Net Revenues on deposit in the Water Fund is at any time insufficient to enable the City to pay when due the Installment Payments and the principal of and interest on any Parity Debt, such payments shall be made on a pro rata basis and the deficiency shall constitute an Event of Default under the Installment Sale Agreement.

Receipt and Use of Revenues under Indenture

Assignment to Trustee. Under the Indenture, the Authority irrevocably transfers, assigns and sets over to the Trustee, without recourse to the Authority, all of its rights in the Installment Sale Agreement (excepting only the Authority's rights relating to indemnification and related matters), including but not limited to all of the Authority's rights to receive and collect all of the Installment Payments. The Trustee is entitled to collect and receive all of the Installment Payments, and any Installment Payments collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee is also entitled to and shall, subject to the provisions of the Indenture, take all steps, actions and proceedings which the Trustee determines to be reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the Installment Sale Agreement.

Deposit and Use of Revenues in Bond Fund. All Revenues (consisting, primarily, of the Installment Payments) shall be promptly deposited by the Trustee upon receipt in a special fund designated as the "Bond Fund" which the Trustee shall establish, maintain and hold in trust; except that all moneys received by the Trustee and required under the Indenture or under the Installment Sale Agreement to be deposited in the Redemption Fund shall be promptly deposited in such fund. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture. Any surplus remaining in the Bond Fund, after payment in full of (i) the principal of and interest on the Bonds or provision therefore under the Indenture, and (ii) any applicable fees and expenses of the Trustee, shall be withdrawn by the Trustee and remitted to the City.

On or before each Interest Payment Date, the Trustee shall transfer from the Bond Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Bond Fund), the following amounts in the following order of priority:

Interest Account. The Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such Interest Payment Date on all Bonds then Outstanding. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it comes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

Principal Account. The Trustee shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds coming due and payable on each April 1, including the aggregate principal amount of the Term Bonds (if any) which are subject to mandatory sinking fund redemption on such April 1 pursuant to the Indenture. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal amount of the Bonds on their respective maturity dates, including the aggregate principal amount of the Term Bonds (if any) which are subject to mandatory sinking fund redemption on such April 1 pursuant to the Indenture.

Deposit and Use of Revenues in Redemption Fund. The Trustee shall establish and maintain the Redemption Fund, into which the Trustee shall deposit a portion of the Revenues

received representing optional prepayments of the Installment Payments, in accordance with a Written Request of the Authority. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and premium (if any) of the Bonds to be redeemed under the optional redemption provisions of the Indenture; *provided, however*, that at any time prior to the selection of Bonds for redemption, the Trustee may apply such amounts to the purchase of Bonds at public or private sale, when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as shall be directed under a Written Request of the Authority, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Bonds.

No Reserve Fund

Neither the Authority nor the City will fund a debt service reserve fund for the 2026 Bonds.

Rate Stabilization Fund

The City has previously established a rate stabilization fund (the "**Rate Stabilization Fund**") to be held by it and administered in accordance with the Installment Sale Agreement and the Parity Debt Instruments, for the purpose of stabilizing the rates and charges imposed by the City with respect to the Water System. From time to time the City may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Net Revenues that are released from the pledge and lien, which secures the Installment Payments and any Parity Debt, as the City may determine.

The City may, but is not required to, withdraw any amounts on deposit in a Rate Stabilization Fund and deposit such amounts in the Water Fund in any Fiscal Year. Amounts so transferred from a Rate Stabilization Fund to the Water Fund will constitute Gross Revenues for such Fiscal Year (except to the extent of amounts transferred into the Rate Stabilization Fund from Gross Revenues received by the City in such Fiscal Year, so as to avoid double-counting), and will be applied for the purposes of the Water Fund. Amounts on deposit in a Rate Stabilization Fund will not be pledged to or otherwise secure the Installment Payments or any Parity Debt. The City has the right at any time to withdraw any or all amounts on deposit in a Rate Stabilization Fund and apply such amounts for any lawful purposes of the City.

The City does not currently have any amounts set aside in a Rate Stabilization Fund, but does maintain other reserves related to the Water System. See "THE WATER SYSTEM – Funds and Reserves."

Rate Covenants under Installment Sale Agreement

Sum Sufficient. Under the Installment Sale Agreement, the City will fix, prescribe, revise and collect rates and charges for the Water System during each Fiscal Year that are at least sufficient, after making allowances for contingencies and error in the estimates, to produce Gross Revenues which will be sufficient to pay the following amounts:

(a) all Operations and Maintenance Costs of the Water System estimated by the City to become due and payable in such Fiscal Year;

(b) the Installment Payments and Debt Service on any Parity Debt;

(c) all other payments required for compliance with the Installment Sale Agreement, the Indenture and the Parity Debt Instruments; and

(d) all payments required to meet any other obligations of the City that are charges, liens, encumbrances upon or payable from the Gross Revenues of the Water System or the Net Revenues of the Water System.

Debt Service Coverage. In addition, under the Installment Sale Agreement, the City will fix, prescribe, revise and collect rates and charges for the Water System during each Fiscal Year which are sufficient to yield Net Revenues at least equal to 120% of the Installment Payments and Debt Service on Parity Debt in such Fiscal Year. For purposes of this paragraph, the amount of Net Revenues for a Fiscal Year will be computed on the basis that any transfers into the Water Fund in such Fiscal Year from the Rate Stabilization Fund are included in the calculation of Net Revenues (except to the extent of amounts transferred into the Rate Stabilization Fund from Gross Revenues received by the City in such Fiscal Year, so as to avoid double counting).

Parity Debt

The City currently has two outstanding long-term debt obligations payable from Net Revenues of the Water System on parity with the 2026 Bonds. See "THE WATER SYSTEM – Outstanding Indebtedness." In the future, the City may, by a Parity Debt Instrument, issue or incur other loans, advances or indebtedness payable from Net Revenues to be derived from the Water System, to provide financing for the Water System, in such principal amount as may be determined by the City. The City may issue or incur any such Parity Debt subject to the following specific conditions that are made conditions precedent to the issuance and delivery of such Parity Debt:

(a) The City will be in compliance with all covenants set forth in the Installment Sale Agreement and in the Indenture.

(b) The Net Revenues of the Water System, calculated on generally accepted accounting principles, as shown by the books of the City for the latest Fiscal Year or any more recent 12-month period selected by the City ending not more than 60 days prior to the adoption of the Parity Debt Instrument pursuant to which such Parity Debt is issued, as shown by the books of the City, plus, at the option of the City, any or all of the items hereinafter in this paragraph designated (i) and (ii), must at least equal 120% of Maximum Annual Debt Service, with Maximum Annual Debt Service calculated on all bonds and other obligations to be outstanding immediately subsequent to the issuance of such Parity Debt which have a lien on Net Revenues of the Water System. The items any or all of which may be added to such Net Revenues for the purpose of issuing or incurring Parity Debt under the Installment Sale Agreement are the following:

(i) An allowance for Net Revenues from any additions to or improvements or extensions of the Water System to be made with the proceeds of such Parity Debt, and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of such Fiscal Year or such 12-month period, were not in service, all in an amount equal to 90% of the estimated additional average annual Net Revenues 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 in the written report of an Independent Consultant engaged by the City; and

(ii) An allowance for revenues projected to arise from any increase in the Charges which has been approved by the City Council prior to the incurring of such additional indebtedness 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 Net Revenues 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 City. For the avoidance of doubt, a Charge shall be considered to have been approved by the City Council and may be considered in the calculation of the allowance described in the previous sentence if the Charge is part of a rate increase that has been approved by the City Council, even if the specific Charge will not take effect until a subsequent Fiscal Year.

(c) The Parity Debt Instrument providing for the issuance of such Parity Debt under the Installment Sale Agreement shall:

(i) Provide that the proceeds of such Parity Debt will be applied to the acquisition, construction, improvement, financing or refinancing of additional facilities, improvements or extensions of existing facilities within the Water System, or otherwise for facilities, improvements or property which the City determines are of benefit to the Water System, or for the purpose of refunding any Parity Debt in whole or in part, including all costs (including costs of issuing such Parity Debt and including capitalized interest on such Parity Debt during any period which the City deems necessary or advisable) relating thereto;

(ii) Specify the date on which interest on such Parity Debt will be payable; and

(iii) Specify the date on which principal on such Parity Debt will be payable.

(d) Notwithstanding the foregoing, Parity Debt proposed to be issued for the purpose of refunding any Parity Debt may be issued without compliance with subsection (b) and (c)(i), so long as such refunding results in the same or lower total Debt Service in each Fiscal Year after such refunding.

As used above, "**Maximum Annual Debt Service**" means, as of the date of calculation, the maximum amount of Debt Service (as defined in the Indenture and set forth in Appendix A hereto) for the current or any future Fiscal Year.

No Senior Debt

The City covenants in the Installment Sale Agreement to not issue or incur any additional bonds or other obligations during the term thereof having any priority in payment of principal or interest out of the Net Revenues over the Installment Payments. However, this covenant does not limit or affect the ability of the City to issue, enter into or incur additional

Parity Debt as described above, or obligations which are either unsecured or which are secured on a basis which is junior and subordinate to the pledge of and lien upon the Net Revenues established under the Installment Sale Agreement.

Casualty Insurance and Eminent Domain Proceeds

Covenant to Maintain Insurance. The City covenants that it will at all times maintain such insurance (which may be in the form of self-insurance pooling) on the Water System 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.

Insurance Proceeds. All amounts collected from insurance against accident to or destruction of any portion of the Water System shall be used to repair or rebuild such damaged or destroyed portion of the Water System, and to the extent not so applied, shall be applied to redeem Bonds or any Parity Debt in accordance with the Indenture and applicable Parity Debt Instruments.

Eminent Domain Proceeds. If all or any part of the Water System is taken by eminent domain proceedings, the Net Proceeds realized by the City therefrom will be deposited by the City in a special fund in trust and applied by the City to the cost of acquiring or constructing or financing improvements to the Water System, or to redeem Bonds or any Parity Debt in accordance with the Indenture and applicable Parity Debt Instruments.

THE AUTHORITY AND THE CITY

The Authority

The Authority was created as of June 29, 1993, by the City and the City of Pleasanton Housing Authority of the City of Pleasanton under a Joint Exercise of Powers Agreement, for the purpose, among others, of having the Authority issue its bonds to finance the acquisition, construction and improvement of certain public capital improvements in the City. The members of the City Council serve as the governing board of the Authority, and certain City staff serve as the officers of the Authority. The Joint Exercise of Powers Agreement was entered into under Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California. The Authority is a separate entity constituting a public instrumentality of the State of California.

The City

Pleasanton's inception can be traced back to the 1850's as a stagecoach stop along the main route to the gold fields. The City was incorporated in 1894, and in the twentieth century it grew into a thriving agricultural center with the production of grain, hay, and hops. The City is approximately 24 square miles and is located in southeastern Alameda County at the junction of Interstate 580 and Interstate 680. The City is a general law city located in the County of Alameda (the "**County**"). For background, demographic and economic information regarding the City and the County, see APPENDIX D.

City Pension Plans and OPEB

*This section contains certain information relating to California Public Employees' Retirement System ("**CalPERS**"). The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. The City has not independently verified the information provided by CalPERS and makes no representations and expresses no opinion as to the accuracy of the information provided by CalPERS.*

The comprehensive annual financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference in this Official Statement. None of the Authority, City or Underwriter can guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

The information provided herein is with regard to all of the City's eligible employees. Pension costs are allocated to the Water Fund and other City funds based on covered payroll. The City estimates that the Water Fund's percentage of the City's overall pension contribution is approximately 5% to 8% of the Citywide pension contributions over the last five years.

Plan Descriptions. All qualified permanent employees are eligible to participate in the City's separate Safety (Police) ("**Safety Police**") cost-sharing plan, Safety (Fire) ("**Safety Fire**") agent multiple-employer defined benefit pension plan, and Miscellaneous (all other) ("**Miscellaneous**") agent multiple-employer defined benefit pension plan that are administered

by CalPERS. Public safety employee benefits are not charged to the Water Fund unless and only to the extent the City elects to charge based on specific Water System related activities they engage in, such as security. Miscellaneous employees that work for Water System operations are not separately tracked and charged to the Water Fund unless the City elects to do so.

The City is a member of a Joint Powers Agreement (JPA), along with the City of Livermore and the Livermore-Pleasanton Fire Department (LPFD). The employees of the LPFD are City employees, however, as agreed to in the JPA, the City shares the Safety Fire Plan employees affiliated with the LPFD with the City of Livermore with a share of 50 percent. Based on this arrangement with the City of Livermore, the City only records its 50 percent share of the collective net pension liability and related deferred inflows/outflows.

The Miscellaneous and Safety Fire Plans are agent multiple-employer defined benefit pension plans which act as a common investment and administrative agent for its participating member employers. Benefit provisions under the plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

The City's Safety Police Plan is a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS since the plan has less than 100 active members, commonly referred to as risk pool. The City has two retirement benefit tiers in the Safety Police Plan and a PEPRA classification. Tier 1 is for employees hired prior to January 1, 2013. Tier 2 is for employees hired on or after January 1, 2013. PEPRA is for employees new to CalPERS hired on or after January 1, 2013.

Funding Policy. In March 2018, the City established a Section 115 pension Trust Fund with public agency retirement services ("**PARS**"). PARS, the trust administrator, partners with U.S. Bank and PFM Asset Management to provide trustee and investment advisory services, respectively. This trust was established to set aside moneys to meet the City's future pension contributions or unfunded liabilities. The fair value on the account at June 30, 2025, was $56.3 million. Financial statements of PARS may be obtained from PARS, 4350 Von Karman Avenue, Suite 100, Newport Beach, California 92660.

Miscellaneous Plans Benefits Provided. CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees, and their beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment, age and the average of the final one year of compensation for Tier 1 members and the average of the final three years of compensation for PEPRA members. Members with at least five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit.

Safety Police Plan Benefits Provided. CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees, and their beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment, age and the average of the final one year of compensation for Tier 1 members and the average of the final three years of compensation for Tier 2 and PEPRA members. Members with five years of total service are eligible to retire at age 50 with

statutorily reduced benefits. All members are eligible for non-duty disability benefits after ten years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

LPFD Safety Fire Plan Benefits Provided. CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees, and their beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment, age and the average of the final one year of compensation for Tier 1 members and the average of the final three years of compensation for Tier 2 and PEPRA members. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after ten years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' retirement Law.

Miscellaneous Plan provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Miscellaneous	
	Tier I	PEPRA
Benefit Formula	2.7% @ 55	2.0% @ 62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50 - 55	52 - 67
Monthly Benefits, As a % of Eligible Comp.	2.0% - 2.7%	1.0% - 2.5%
Required Employee Contribution Rates	8.00%	8.00%
Required Employer Contributions Rates	12.79%	12.79%

Source: Pleasanton Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2025.

Police Plan provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Safety Police Plan		
	Tier I	Tier 2	PEPRA
Benefit Formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Retirement Age	50	50-55	50-57
Monthly Benefits, As a % of Eligible Comp.	3.0%, 50+ years	2.4% - 3.0%, 50 yrs - 55+ yrs, respectively	2.0% - 2.7%, 50 yrs - 57+ yrs, respectively
Required Employee Contribution Rates	9.00%	9.00%	13.75%
Required Employer Contributions Rates	27.32%	23.00%	13.76%

Source: Pleasanton Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2025.

LPFD Safety Fire Plan provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Safety Fire Plan		
	Tier I	Tier 2	PEPRA
Benefit Formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Retirement Age	50	50-55	50-57
Monthly Benefits, As a % of Eligible Comp.	3.0%, 50+ yrs	2.4% - 3.0%, 50 yrs - 55+ yrs, respectively	2.0% - 2.7%, 50 yrs - 57+ yrs, respectively
Required Employee Contribution Rates	9.00%	9.00%	12.00%
Required Employer Contributions Rates	19.14%	19.14%	19.14%

Source: Pleasanton Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2025.

Employees Covered. The following employees were covered by the benefit terms for the Miscellaneous Plan and the LFPD Safety Fire Plan as of the most recent actuarial valuation date of June 30, 2023.

	Miscellaneous	**Safety Fire**
Active employees	296	115
Transferred employees	117	14
Separated employees	166	24
Retired employees and beneficiaries	484	169
Total	1063	322

Source: Pleasanton Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2025.

Contributions. Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following notice of change in the rate. Funding contributions for the plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rates of employees. For the year ended June 30, 2025, the contributions recognized as part of the pension expense for the Safety Police plans were $6,479,352.

Net Pension Liability. The City's net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the plan is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. The changes in net pension liability for the Miscellaneous Plan are shown in the following table.

Changes in Net Pension Liability. The changes in the Net Pension Liability for the Miscellaneous Plan and LPFD Safety Fire Plan are as follows.

	Miscellaneous Plan		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability/(Asset)**
Balance at June 30, 2023 (Valuation Date)	**$359,854,052**	**$233,366,025**	**$126,488,027**
Changes Recognized for the Measurement Period:			
Service Cost	6,674,719	--	6,674,719
Interest on the Total Pension Liability	24,722,666	--	24,722,666
Changes of Benefit Terms	--	--	--
Changes of Assumptions	--	--	--
Differences Between Actual & Expected Experience	5,223,304	--	5,223,304
Plan to plan resource movement	--	--	--
Contributions – Employer	--	12,797,261	(12,797,261)
Contributions – Employees	--	2,770,936	(2,770,936)
Net Investment Income	--	22,478,439	(22,478,439)
Benefit Payments, Including Refunds of Employee Contr.	(20,230,423)	(20,230,423)	--
Administrative Expense	--	(189,891)	189,891
Other Miscellaneous Income/(Expense)	--	--	--
Net Changes during July 1, 2023 to June 30, 2024	16,390,266	17,626,322	(1,236,056)
Balance at June 30, 2024 (Measurement Date)	**$376,244,318**	**$250,992,347**	**$125,251,971**

Source: Pleasanton Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2025.

	Safety (Fire) Plan		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability/(Asset)**
Balance at June 30, 2023 (Valuation Date)	**$136,764,609**	**$90,252,355**	**$46,512,254**
Changes Recognized for the Measurement Period:			
Service Cost	2,641,495	--	2,641,495
Interest on the Total Pension Liability	9,389,178	--	9,389,178
Changes of Benefit Terms	--	--	--
Changes of Assumptions	--	--	--
Differences Between Actual & Expected Experience	1,786,139	--	1,786,139
Plan to plan resource movement	--	--	--
Contributions – Employer	--	4,776,132	(4,776,132)
Contributions – Employees	--	1,162,339	(1,162,339)
Net Investment Income	--	8,707,155	(8,707,155)
Benefit Payments, Including Refunds of Employee Contr.	(7,592,906)	(7,592,906)	--
Administrative Expense	--	(73,439)	73,439
Other Miscellaneous Income/(Expense)	--	--	--
Net Changes during July 1, 2023 to June 30, 2024	6,223,906	6,979,281	(755,375)
Balance at June 30, 2024 (Measurement Date)	**$142,988,515**	**$97,231,636**	**$45,756,879**

Source: Pleasanton Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2025.

For the year ended June 30, 2025, the City recognized pension expense of $20,219,810 for the Miscellaneous Plan and the Safety Fire Plan had a recognized pension expense of $6,172,853. See Note 12 to the City's audited financial statements for the Fiscal Year ending June 30, 2025, attached hereto as Appendix B.

Other Post-Employment Benefits (OPEB). Through its post-employment health care plan, the City provides post-retirement health care benefits, in accordance with certain employee agreements, to all employees who retire directly from the City. The plan benefit provisions and obligations to contribute are established, or may be amended, by City Council

action. The effective date and benefit varies based upon the employee's classification and related memorandum of understanding ("**MOU**").

Employees Covered. Membership in the plans consisted of the following at the measurement date of June 30, 2024:

Employees	Non-Fire	Fire
Active plan members	353	127
Inactive employees or beneficiaries currently receiving benefits	378	122
Inactive employees entitled to but not yet receiving benefits	49	8
Total	780	257

Source: Pleasanton Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2025.

Funding Policy. In April 2011, the City established an Other Post Employment Health Benefit ("**OPEB**") irrevocable trust, the City of Pleasanton Group Account, with the California Employer's Retiree Benefit Trust Program ("**CERBT**") administered by the California Public Employees' Retirement System ("**CalPERS**") as an agent multiple-employer plan. This trust is used to accumulate resources to fund future benefits, however, it does not represent the activities of the plan. Financial statements of CERBT are included in the CalPERS Annual Comprehensive Financial Report ("**ACFR**"). Copies of the CalPERS ACFR may be obtained from the CalPERS Executive Office - 400 P Street, Sacramento, California 95814.

Changes in Net OPEB Liability. The changes in the net OPEB liability for the City of Pleasanton Retiree Healthcare Plan is as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2023	**$78,928,000**	**$59,936,000**	**$18,992,000**
Changes Recognized for the Measurement			
Service Cost	1,274,000	--	1,274,000
Interest	4,879,000	--	4,879,000
Differences Between Actual & Expected Experience	--	--	--
Changes of Assumptions	--	--	--
Contributions – Employer	--	4 286,000	(4,286,000)
Net Investment Income	--	6,583,000	(6,583,000)
Benefit Payments and Refunds	(4,280,000)	(4,280,000)	--
Administrative Expense	--	(26,000)	26,000
Net Changes during July 1, 2023 to June 30, 2024	1,873,000	6,563,000	(4,690,000)
Balance at June 30, 2023	**$80,801,000**	**$66,499,000**	**$14,302,000**

Source: Pleasanton Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2025.

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report that may be obtained from CERBT. The benefit payments and refunds include implied subsidy benefit payments were in the amount of $4,280,000.

OPEB Expense. For the year ended June 30, 2025, the City recognized OPEB expense of $231,000, an increase in expense for the City of Pleasanton Retiree Healthcare Plan. See Note 13 to the City's audited financial statements for the Fiscal Year ending June 30, 2025, attached hereto as Appendix B.

THE WATER SYSTEM

General

The City owns and operates a potable (i.e. drinking) water system under permit from the State Water Resources Control Board Division of Drinking Water (DDW) that serves approximately 22,000 customers. The City's water supply historically comes from wholesale purchases from Zone 7 Water Agency (Zone 7) and a groundwater production quota (GPQ) of 3,500 acre-ft/year (representing approximately 25 percent of the City's total supply needs). The City is currently not utilizing its GPQ because all its groundwater wells are out of service. Instead, the City is purchasing 100 percent of its water from Zone 7 at the wholesale rate.

The City also owns and operates a separate recycled water system that serves 98 user sites consisting of 151 metered connections. The City's recycled water supply is purchased primarily from the DSRSD-EBMUM Recycled Water Authority (DERWA) and, secondarily, from the City of Livermore. Recycled water is tertiary treated wastewater that can be used for non-potable purposes such as landscape irrigation.

The City's Department of Public Works is responsible for the operation, maintenance and improvement of the Water System.

Service Area

The City is located in Amador Valley and is a suburb in the East Bay region of the San Francisco Area. It is bound by the City of Dublin on the north, by the City of Livermore on the east, by the unincorporated community of Sunol to the south, and by the Pleasanton Ridge to the west. The City's water service area includes customers within the City Limit and customers outside the City Limit that hold Out-of-Area Service Agreements (OASAs). Areas with OASAs include Remen Tract, Happy Valley, and Kilkare (north of the Town of Sunol). The Water System presently serves a population of approximately 76,000.

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Physical Assets

Zone 7 Turnouts. Treated potable water from Zone 7 enters the City's distribution system at seven different turnout locations. All turnouts are equipped with City facilities to fluoridate the treated water prior to entering the potable water distribution system. Turnouts 1 through 5 directly connect to the potable water distribution system, while Turnouts 6 and 7 have City pump stations that boost pressure into the potable water distribution system. Turnout 4 is currently being upgraded with a booster pump station and is projected to come online at the end of 2026 / early 2027.

Groundwater Wells. The City owns and operates three groundwater wells in the local groundwater basin, the Livermore Valley Main Groundwater Basin (the "Main Basin") an area that covers 69,600 acres (109 square miles). Water from the City's wells is treated with chlorine, ammonia, and fluoride at the well sites prior to entering into the water distribution system. The three City groundwater wells have not been in operation since November 2022 based on results from testing for per- and polyfluoroalkyl substances (PFAS). Since that time, the City has been purchasing 100 percent of its water supply through Zone 7. The three groundwater wells remain assets of the City. See "-Regulatory Requirements."

Potable Water Distribution System. The City's distribution system currently consists of approximately 330 miles of pipelines, 14 pump stations, and 21 water storage tanks. The City's distribution system has 16 different pressure zones.

Emergency Interties. The City currently has two existing pipeline interties with the Dublin San Ramon Services District ("DSRSD") and one pipeline intertie with the City of Livermore for rapid emergency response. These interties are strictly for emergency conditions, such as a major pipeline break, supply contamination, or interruption of deliveries due to earthquake, flood, or other disasters.

Recycled Water Facilities. The City does not own a wastewater treatment facility. The majority of the City's wastewater is treated by Dublin San Ramon Services District (DSRSD), which owns and operates the Regional Water Treatment Facility, which also treats wastewater from Dublin and the southern portion of San Ramon. The facility includes conventional secondary treatment facilities, as well as tertiary recycled water treatment facilities. In addition, wastewater produced from the southeastern portion of the City, referred to as Ruby Hill, is treated by the City of Livermore, which also owns and operates a wastewater treatment facility which produces tertiary treated recycled water. The City purchases recycled water from both DSRSD and the City of Livermore; with the Livermore supplied recycled water restricted to landscaping in the eastern portion of Pleasanton.

In 2016, the City completed its Recycled Water Project (the "RW Project") to serve landscapes irrigated with potable water, which included the construction of approximately 51,500 lineal feet (LF) of new recycled water pipeline, ranging in diameter from 6 inches to 20 inches, and repurposing approximately 22,400 LF of existing potable pipeline into the recycled water system. The RW Project was funded through a Clean Water State Revolving Fund Program loan and Proposition 1 Program Grant Agreement with the State Water Resources Control Board (SWRCB), with the goal of largely replacing existing potable irrigation demands along the distribution system with recycled water; thereby reducing potable water demands. To date the RW Project has reduced approximately 7percent of the City's annual potable demands with recycled water. The City currently has a total of 98 permitted recycled water use sites, consisting of 151 metered service connections serviced with recycled water.

Management

Brief biographies of key members of City staff involved in management of the Water System are set forth below:

Public Works Director – Siew-Chin Yeong. Ms. Yeong has 26 years of experience in civil engineering, capital project management, and development and oversight of capital programs in both the private and public sectors. Prior to joining the City of Pleasanton, she served as the Assistant Director of Public Works for the City of Oakland and in several positions with the City and County of San Francisco, including as the Director of Capital Program and Construction. During her tenure she was responsible for overseeing delivery of the City of Oakland's $455 million and San Francisco Municipal Transportation Agency's $3.2 billion capital improvement programs, managed construction of a $500 million annual paving program that included replacing 13.6 miles of sewer systems, and development of storm water and facilities master plans. Yeong also oversaw capital initiatives and the development of a maintenance capital program for Bay Area Rapid Transit (BART).

In Pleasanton since March 2024, Ms. Yeong leads the City's Public Works Department where she oversees all operations and maintenance, utilities and environmental services, and engineering activities. Upcoming projects include completion of water, sewer and storm system master plans, development of an Asset Management Plan, and design and construction of new wells to address PFAS, along with capital projects that advance the City's strategic ONE Pleasanton and Climate Action plans. Ms. Yeong has a bachelor's degree in Construction Engineering and Management and a master's degree in Civil Engineering and Construction Management from Iowa State University.

Utilities Planning Manager – Todd Yamello. Mr. Yamello has worked for the City for eight years. He previously held roles as an Associate Civil Engineer for the City of Livermore, Project Manager at Carollo Engineers, and Associate Engineer at Union Sanitary District. Mr. Yamello holds a bachelor's degree in Environmental Engineering from California Polytechnic State University-San Luis Obispo, earned between 1997 and 2002.

Director of Finance – Susan Hsieh. Ms. Hsieh was appointed as Director of Finance for the City in August 2022. She has over 25 years of both private and public sector experience. Prior to joining the City of Pleasanton, she served as the Finance Director for the cities of San Leandro and Emeryville, during which she oversaw all aspects of the cities' financial functions, as well as in the Assistant Finance Director and other lead roles for two other agencies in the Bay Area. Before transitioning to the public sector, Ms. Hsieh worked for a large national public accounting firm leading audit engagements and conducting financial statement audits. Susan holds a bachelor's degree in Accounting and a master's degree in Finance and Management. She also holds professional certifications from UC Berkeley, Harvard Business School and Pepperdine University and is a Certified Public Accountant.

Sources of Water Supply

Zone 7 Water Purchases. Zone 7 is the City's sole potable water supplier. The treated potable water delivered by Zone 7 must comply with the SWRCB Division of Drinking Water (DDW) and the US Environmental Protection Agency (US EPA). Under its current agreement with Zone 7, the City is limited in developing other water supply sources.

Zone 7's water supply has two major components: 1) incoming water supplies available through contracts and water rights each year, and 2) accumulated water supplies in storage derived from previous years. Incoming water supplies typically consist of annually allocated imported surface water supply and local surface water runoff. Accumulated or "banked" water supplies are available in local and non-local storage locations. Imported water from the SWP, which is owned and operated by the California Department of Water Resources ("DWR"), is by far Zone 7's largest water source, providing over 90 percent of the treated water supplied to its customers on an annual average basis. Zone 7 continues to develop local sources of water to diversify its water supply portfolio.

City Groundwater Production. Per the City's agreement with Zone 7 (who also serves as the Groundwater Sustainability Agency for the Livermore Valley Main Groundwater Basin) for water supply, the City is allowed a groundwater production quota of 3,500 acre-ft/year, which represents approximately 25 percent of the City's total supply needs. The City owns three groundwater wells to utilize its groundwater production quota. In November 2022, the wells had to be removed from service due to the detection of PFAS. See "Regulatory Requirements" below. As a result, the City is currently purchasing 100 percent of its water from Zone 7 at the wholesale rate.

Water Supply During Drought. The California Water Code asks agencies to evaluate their water service reliability by examining the impact of drought on their water supplies and comparing those reduced supplies to water demands. Specifically, agencies calculate their water supplies during a single dry year and five consecutive dry years using historical records. This water supply reliability assessment is documented within the City's Urban Water Management Plan (UWMP), which is closely tied to Zone 7's water supply reliability assessment. Under the City's current 2025 UWMP, the water supply reliability assessment projects the City will have adequate supply to meet a single dry year and indicates Zone 7 is expected to have adequate supply reliability to meet the City's current and projected demands through 2045. Furthermore, the analysis projects a potential small shortfall for Pleasanton (10 percent) in a five-year drought scenario beginning in 2045, specifically in the fifth consecutive year of drought. This shortfall is considered manageable through conservation measures consistent with the City's Water Shortage Contingency Plan. Currently, the City does not project a water supply shortfall in the upcoming year.

Regulatory Requirements

General. The applicable drinking water standards for the Water System are set forth primarily in the California Code of Regulations, Title 22, Division 4, Chapter 15, Domestic Water Quality and Monitoring Regulations, together with other applicable state law requirements. These regulations implement California's drinking water program in a manner consistent with, and at least as stringent as, applicable requirements of the U.S. Environmental Protection Agency under the federal Safe Drinking Water Act, originally enacted as Public Law 93-523. The regulations establish, among other things, monitoring and reporting requirements, sampling requirements, treatment requirements, and maximum contaminant levels for drinking water and are subject to periodic revision and amendment. The Water System reports required data to the State Water Resources Control Board, Division of Drinking Water, and provides its annual Consumer Confidence Report to customers each year.

PFAS. In June 2019, City Well 8 was taken out of service after PFAS were detected above DDW advisory levels. In November 2022, Wells 5 and 6 were taken out of service after PFAS were detected above the revised DDW advisory levels. In 2024, USEPA laid out formal regulations for PFAS with the establishment of MCLs and allows water systems five years to comply. As a result, the City has lost the ability to utilize its groundwater production quota and is currently required to purchase 100 percent of its water supply from Zone 7. This leads to higher water supply costs, reduced diversification of local water supplies, and concerns about long-term reliability, particularly during drought conditions. To address these concerns, the City conducted a Water Supply Alternatives Study to assess multiple strategies including rehabilitating the City's existing wells with PFAS treatment, developing new groundwater wells outside the PFAS plume, and continuing to rely entirely on purchased water from Zone 7. In October 2023, the City Council approved the study's recommendation to pursue development of new groundwater wells in the Bernal groundwater subbasin through the establishment of the City Groundwater Supply Project. Additional engineering studies were completed with Zone 7 to confirm the technical feasibility of building new groundwater wells in the Bernal groundwater subbasin and found that doing so in partnership would be beneficial to both agencies. In April 2026, the City Council approved proceeding with the implementation of the City Groundwater Supply project. Groundwater supply improvements would be implemented in partnership with Zone 7 and would include the development of two new groundwater production wells at Tennis and Community Park and Hansen Park, a new transmission pipeline connecting the wells to the Zone 7 Hopyard Chloramination Facility, and upgrades to the Zone 7 Hopyard Chloramination

Facility. Zone 7 would deliver the City's GPQ to the City's distribution system via its existing transmission system and turnouts. To receive groundwater from Zone 7, improvements to the City's distribution system would also be required, including upsizing pipes and constructing a new turnout. Improvements to the City's distribution systems would be the sole responsibility of the City. The project is estimated to be operational at the beginning of 2030.

Zone 7's surface water supply from both treatment plants have been 'non-detect' when tested for the PFAS constituents. However, some of Zone 7's groundwater facilities have been impacted by PFAS. Zone 7 has implemented multiple actions to keep its treated water supply below PFAS MCLs including increasing the use of surface water, installing ion exchange PFAS treatment at the Stoneridge and Chain of Lake groundwater wells, and planning for PFAS treatment additions at the Mocho well fields (anticipated to start construction in late 2026).

2025 Urban Water Management Plan. The City's 2025 Urban Water Management Plan (UWMP) was adopted by City Council on June 2, 2026. It was prepared and adopted in accordance with the Urban Water Management Planning Act (California Water Code §§ 10610–10657), which requires all urban water suppliers serving more than 3,000 customers or supplying more than 3,000 acre-feet of water annually to develop and update a comprehensive water management plan every five years. The Plan is designed to comply with multiple overlapping state regulatory frameworks, including the Water Conservation Act of 2009 (SB X7-7), which mandated a 20% statewide reduction in urban per capita water use by 2020; SB 606 and AB 1668, which imposed additional drought planning requirements including the inclusion of a Water Shortage Contingency Plan (WSCP), Drought Risk Assessments for five consecutive dry water years, and annual water supply and demand assessment reporting. The Plan must also demonstrate compliance with the Sacramento-San Joaquin Delta Reform Act of 2009, given the City's indirect reliance on State Water Project deliveries through Zone 7

Additional regulatory obligations include compliance with state and federal drinking water standards set by the EPA under the Federal Safe Drinking Water Act of 1974 and enforced in California by the State Water Resources Control Board's Division of Drinking Water under Title 22 of the California Code of Regulations, as well as compliance with the SWRCB's water loss performance standards, which require individual volumetric loss standards to be met by January 1, 2028.

The Plan's key objectives are to ensure reliable water service over a 20-year planning horizon through 2045 by evaluating current and projected water supply sources against demand under normal, single-dry-year, and five-consecutive-dry-year conditions. It establishes that the City is well-positioned to meet all projected demands under normal and single-dry-year scenarios through 2045, with a projected 10% supply shortfall arising only in the fifth year of a drought beginning in 2045, which the City anticipates addressing through WSCP demand-reduction measures. The Plan further supports long-term supply diversification and resilience through the City's coordination with Zone 7 on supply augmentation projects, including the Delta Conveyance Project, Sites Reservoir, the Chain of Lakes Conveyance System, and potable reuse feasibility studies. As required by the UWMP Act, the Plan incorporates a WSCP, adopted concurrently with the UWMP by separate resolution, that serves as a standalone document to be engaged in the case of a water shortage event such as a drought or supply interruption. The primary objective of the WSCP is to ensure the City has in place the necessary resources and management responses to protect health and human safety, minimize economic disruption, and preserve environmental and community assets during water supply shortages and interruptions. Consistent with CWC § 10632, the WSCP utilizes the six standard shortage levels, ranging from up to 10% (Level 1) to greater than 50% (Level 6), and identifies a suite of

demand mitigation measures for each level, including landscape irrigation restrictions, water waste prohibitions codified in Pleasanton Municipal Code Chapter 9.30, conservation pricing adjustments, and prohibitions on the use of potable water for construction activities. At the most severe shortage level (Level 6), the WSCP authorizes the City to request an expansion of its groundwater pumping quota from Zone 7 as a supply augmentation measure. The WSCP also establishes an annual process for the City to assess potential gaps between planned water supply and demand for the current year and the next potentially dry year, consistent with the annual assessment requirements under CWC § 10632(a). The Plan additionally addresses seismic risk, energy use reporting, and climate change considerations as mandated by subsequent legislative amendment.

The Plan also addresses the City's groundwater supply within the regulatory framework of the Sustainable Groundwater Management Act of 2014 (SGMA). The City draws groundwater from the Livermore Valley Groundwater Basin (DWR Basin No. 2-10), which is designated by DWR as a medium-priority basin and is therefore subject to SGMA's requirements for the development and implementation of a Groundwater Sustainability Plan or Alternative Groundwater Sustainability Plan. Zone 7, serving as the exclusive Groundwater Sustainability Agency for the Basin, submitted an Alternative Groundwater Sustainability Plan to DWR in December 2016, which was approved by DWR on July 17, 2019. Zone 7 submitted its first Five-Year Periodic Evaluation of the Alternative GSP in December 2021, and DWR approved that evaluation in June 2024, confirming that the Basin continues to be managed sustainably. Under the Alternative GSP, Zone 7 manages the Basin through a conjunctive use strategy that balances natural and artificial recharge against groundwater extraction, maintaining groundwater levels within a defined operational storage band of approximately 126,000 acre-feet. The City holds a groundwater pumping quota of 3,500 acre-feet per year from the Basin's natural sustainable yield of 13,400 acre-feet per year; however, the City ceased production from its municipal wells in November 2022 due to the detection of per- and polyfluoroalkyl substances (PFAS). The City and Zone 7 are currently advancing the Joint Groundwater Wells project to construct new production wells in the Bernal Subbasin outside the known PFAS contamination plume, with operations anticipated by 2030. Zone 7 is also actively implementing a broader PFAS management strategy, including installation of PFAS treatment systems and enhanced monitoring, and continues to manage additional constituents of concern, including salinity under its Salt and Nutrient Management Plan and hexavalent chromium in anticipation of the SWRCB's reduced maximum contaminant level of 10 µg/L effective October 1, 2026.

General. The City is not aware of any environmental or regulatory issues that would materially adversely impact its ability to deliver water. The City previously received a citation from the California State Water Resources Control Board, Division of Drinking Water (DDW), related to disinfection byproduct (DBP) levels in a limited portion of the City's water system serving the Kilkare service area. The matter was localized to this service area and did not impact the City's ability to provide reliable water service to its customers. The City promptly implemented an operational mitigation plan that successfully reduced DBP concentrations below the applicable maximum contaminant levels (MCLs). The City has maintained compliance with applicable MCL requirements for multiple consecutive quarters, and DDW has recognized the City's successful efforts in addressing the DBP exceedance and confirmed that the City has completed the necessary actions and met the applicable requirements and directives to return the water system to compliance.

Water Quality. The applicable drinking water standards for the Water System are provided in the California Domestic Water Quality and Monitoring Regulations, Title 22 of the California Administrative Code. These regulations incorporate the requirements of the U.S.

Environmental Protection Agency in conformance with the Safe Drinking Water Act (PL 93-523). The standards specify water quality sampling frequencies and location as well as maximum concentrations of chemical constituents and are continuously revised and amended. The Water System reports all data in accordance with Title 22 Standards to the SWRCB Division of Drinking Water (DDW) and provides its Annual Drinking Water Quality Report to its customers each year.

Historical Water Supply

The following table shows the City's historical purchases of potable water from Zone 7, groundwater production for use as potable water, and recycled water purchases from DERWA and the City of Livermore over the past four fiscal years. Note that total supply for Fiscal Year 2022-23 is lower than the other three fiscal years due to drought conditions.

Table 1
Annual Supply of Water (MG)
Fiscal Years 2021-22 through 2024-25

Source	2021-22	2022-23	2023-24	2024-25
Zone 7 Purchases	3,441	3,390	4,204	4,449
City Groundwater Production	927	489	0	0
DERWA Recycled Water Purchases	342	288	290	333
Livermore Recycled Water Purchases	30	25	25	34
Total	**4,740**	**4,192**	**4,519**	**4,816**

Source: City of Pleasanton.

Customer Base

A summary of active water connections for Fiscal Year 2025-26 is shown in the following table.

Table 2
Active Water Connections by Customer Class
Fiscal Year 2025-26*

Meter Size	Commercial	Industrial	Irrigation	Multi-family Resident	Recycled Water	Single-Family Resident	Total
5/8	194	0	148	68	3	14,926	15,339
3/4	85	0	67	22	4	2,210	2,388
1	204	0	224	94	14	2,790	3,326
1.5	200	1	228	202	84	12	727
2	243	2	178	107	34	1	565
3	60	0	20	21	8	0	109
4	9	0	11	6	2	0	28
6	2	0	1	4	2	0	9
8	2	0	0	0	0	0	2
Subtotal	**999**	**3**	**877**	**524**	**151**	**19,939**	**22,493**

** Fiscal year 2025-26 numbers represent projected estimates.*
Source: City of Pleasanton

The number of active water accounts for the past 5 Fiscal Years, by customer class, is set forth in the following table.

Table 3
Historical Number of Water Accounts by Customer Class
Fiscal Years 2021-22 through 2025-26

Fiscal Year	Commercial	Industrial	Irrigation	Multi-family Resident	Recycled Water	Single-Family Resident	Castlewood Service Area[1]	Total
2022	1,011	3	873	519	151	19,881	188	22,626
2023	1,005	3	877	520	151	19,917	0	22,473
2024	1,010	4	883	523	151	19,933	0	22,504
2025	1,015	4	880	524	150	19,933	0	22,506
2026[2]	999	3	877	524	151	19,939	0	22,493

(1) The City was providing operations and maintenance services for the sewer and water systems for the Castlewood service area per an agreement between the City of Pleasanton and the Alameda County Public Works Agency which ended March 2022. As of March 2022, the City is no longer providing this service.
(2) Fiscal Year 2025-26 numbers represent projected estimates.
Source: City of Pleasanton.

The following table shows the top ten water user accounts in the City based on revenue received during Fiscal Year 2024-25.

Table 4
Top Ten Accounts by Total Water Revenue
Fiscal Year 2024-25

No.	Account Name [1]	Type of Use	Total Usage (in gallons)	Revenues	% of Revenues[2]
1	City of Pleasanton 00140400	Recycled Water Irrigation	71,955,860	$426,414	1.2%
2	Callippe Preserve Golf Course	Irrigation	45,120,246	393,936	1.1
3	Callippe Preserve Golf Course	Irrigation	45,056,662	393,265	1.1
4	AvalonBay Communities, Inc	Multi-Family Residential	29,275,759	221,581	0.6
5	Applied Biosystems	Irrigation	23,018,305	198,413	0.6
6	City of Pleasanton 00140301	Irrigation	17,802,887	160,302	0.4
7	CP IV Vintage LLC	Multi-Family Residential	20,414,336	152,867	0.4
8	Stoneridge Residential, LLC	Multi-Family Residential	20,149,526	150,869	0.4
9	GSIC II Stoneridge Owner LP	Multi-Family Residential	19,788,217	150,097	0.4
10	Pleasanton Unified #200	Irrigation	14,551,106	127,219	0.4
	Subtotal Top Ten		307,132,904	$2,374,963	6.6%
	All Others		4,115,302,801	$33,482,790	93.4%
	Total		4,422,435,705	$35,857,753	100%

(1) The City is a holder of multiple accounts, including the Callippe Preserve Golf Course accounts which are payable from a City enterprise fund.
(2) Based on estimated Water System charges of $35,857,753.
Source: City of Pleasanton.

Water Rates and Revenues

General. The City's current water rates became effective on January 1, 2026 and include separate fixed bi-monthly service charges based on meter size for potable water and recycled water; and separate variable charges based on water usage for potable water and recycled water. Beginning March 1, 2026, the City of Pleasanton replaced its prior Utility

Discount Program with a new program that offers a 30% discount on eligible water and sewer charges for income-qualified households enrolled in the PG&E CARE Program. This new program reduced the qualification threshold from 30 ccf to 24 ccf, and has an annual program budget of $425,000. The discount program applies to the City's water fixed and variable charges.

Rate Setting Process. The City is required to annually review water sales revenue as part of the budgetary process. In May every odd numbered year, the City Manager submits to the City Council a two-year proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and expenses and the means of financing them. Separate rate studies and public hearings for utility rates are conducted to comply with the requirements of Proposition 218 and obtain citizen comments. The City Council adopts utility rates by ordinance. On October 7, 2025, the Council adopted rates for the next four years (2026 through 2029), following a two-year emergency rate increase which was in effect in 2024 and 2025. The budget is adopted, prior to June 30, through passage of appropriate resolutions. The final adopted budget is subject to amendment to reflect any significant changes in expenditures or revenues due to State or federally mandated programs, emergencies, or other unforeseen occurrences. The City's budget guidelines state that:

- Water customer rates and fees will be reviewed and adjusted every two to five years, if necessary.

- All utility enterprise funds will be operated in a manner similar to private enterprise, and as such, the City will set fees and user charges at a level that fully supports the total direct and indirect cost of the activity, including depreciation of assets, overhead charges, and reserves for unanticipated expenses and capital projects.

- The City's General Fund reimburses the Water Enterprise Fund for the utility discount programs as described above.

- The City will maintain a working capital reserve in the Water Fund of approximately 30% to 40% of the annual operating and maintenance expenses with a reserve target of 35%.

See "BOND OWNERS' RISKS – Proposition 218" for information about the City's compliance with Proposition 218 in connection with adopting rates for the Water System.

2024 Water System Management Plan. The City recently adopted its first Water System Management Plan ("**2024 WSMP**"), outlining its water system assets, recommended capital improvement needs, and operational and maintenance requirements for the next 20 years. Building on this plan, the City conducted a financial analysis to explore how to proceed with these future investments. The City approved an enhanced delivery method that balances the urgency of critical infrastructure upgrades while minimizing long-term risks to the City. These steps set the foundation and financial framework for conducting a comprehensive water rate study that align with the 2024 WSMP's needs and the funding priorities outlined in the Financial Analysis to ensure that rates adequately reflect the City's cost of service. The 2024 WSMP is intended to serve as the foundation for future rate-setting and financial planning.

***2025 Rate Study*.** In 2025, Water Resources Economic, LLC ("**WRE**") was retained by the City to provide a 2025 Water Rate Study Report ("**2025 Rate Study**"). The primary objectives of the 2025 Rate Study were to:

- Evaluate a five-year financial plan scenario to meet financial targets for Fiscal Year 2025 to Fiscal Year 2029
- Conduct a cost-of-service analysis based on the most recent data and customer use characteristics
- Develop a four-year potable and recycled water rate schedule from 2026 through 2029
- Develop a four-year drought rate schedule from 2026 to 2029
- Develop updated water connection fees for 2026 that will be annually increased by the Consumer Price Index

***Current and Projected Rates*.** The City's current water rates were implemented on January 1, 2026 and include a separate fixed bi-monthly service charges based on meter size for potable water and recycled water; and separate variable charges based on water usage for potable water and recycled water.

Table 5
Current Bi-Monthly Service Charge for Potable Water

Meter Size	Calendar Year 2026
5/8 inch	$67.80
3/4 inch	98.31
1 inch	159.31
1-1/2 inch	311.82
2 inch	494.84
3 inch	1,074.37
4 inch	1,928.43
6 inch	3,972.06
8 inch	8,547.36
10 inch	12,817.63

Source: City of Pleasanton.

Table 6
Current Consumption Charges for Potable Water

Consumption Charge ($/ccf)	Calendar Year 2026
Potable Water	5.72

Source: City of Pleasanton.

Comparison to Surrounding Communities. Set forth in the following tables are the average annual water charges for customers of the Water System as of the effective date indicated, in comparison to surrounding communities.

Table 7
Fiscal Year 2026-27 Comparative Annual Charges
(Single-Family Residential – 5/8-inch meter)
Comparative Annual Residential Water Charges

Water Provider	5 Units	Effective
DSRSD	$706.68	1/1/2026
ACWD	$736.50	3/1/2026
Los Altos, Cal Water	$736.96	7/1/2026
Pleasanton, City	**$750.00**	**7/1/2026**
Hayward, City	$772.92	10/1/2026
CCWD	$795.24	2/1/2026
EBMUD	$847.20	7/1/2026
North Marin	$876.00	7/1/2026
Livermore, City	$899.76	1/1/2026
Palo Alto	$959.04	7/1/2026
SFPUC	$984.00	7/1/2026
San Jose, City	$1,039.50	7/1/2026
Marin Water	$1,243.68	7/1/2026

(1) Based on fixed charge for 5/8" meter, plus volumetric charge.
Source: Survey produced by East Bay Municipal Utility District.

Approved Rate Increases. In October 2025, the City Council adopted new water rates for the next four years, beginning in January 2026. The adopted rates were based on revenue adjustments of 15% increases in each of Calendar Year 2026 and 2027, and 8% increases in each of Calendar Year 2028 and 2029. The adopted rate structure also made changes to create a uniform rate structure for all customer classes and to allow for full recovery of Zone 7's fixed costs, by providing for a pass-through to the City's customers. The adopted rates assumed a 5% increase in Zone 7's costs each year, however, these rates are subject to change based on actual costs set by Zone 7 each year.

Billing and Collection

Water Service Charges. Water service charges are collected by the City and billed, together with wastewater service charges, on a bi-monthly basis by the City. Bills are due and payable within 30 days of the date of the bill. If payment is not received, a 10% late fee is assessed; then a final notice is sent, after which the account is sent to a collection agency. The City is authorized to disconnect water service in the event of a failure to pay water service charges.

Affordability Assistance. Those who are enrolled in the PG&E CARE Program and who qualify or use at or below 24 CcF of water every bi-monthly billing period are discounted 30%. The portion not paid by the customer is contributed by the City's general fund.

Water Connection Fees. The City and Zone 7 Water Connection Fees are collected as part of the building permit and water connection permit application procedures. Permits are not granted until payment has been received. City Water Connection Fees are part of the Gross Revenues. Zone 7 water connection fees are transmitted to Zone 7.

On February 5, 2024, Zone 7 served the City with a lawsuit relating to Zone 7's connection fees, claiming that the City had under collected fees and owed Zone 7 more than $18 million. The City and Zone 7 reached a settlement in July 2025, with the City agreeing, among other things, to contribute $250,000 to PFAS treatment plant Zone 7 is constructing in Pleasanton. The City and Zone 7 also agreed to work together moving forward to clarify their respective roles in collecting connection fees.

Capital Improvement Program

General. The City adopted a Mid-Term Budget Update in May 2026, which included revisions to the five-year capital improvement plan ("**CIP**") for Fiscal Years 2025-26 to 2029-30, asset forth in the following table, together with the expected sources of payment for the items in the CIP. *The following contains estimated projects and project costs, which may vary considerably from actual results.*

Table 8
Capital Improvement Program for Water System
Water Improvement Projects and Available Funding Sources
Fiscal Years 2025-26 through 2029-30

PROJECT	2025-26	2026-27	2027-28	2028-29	2029-30	5-Year Total
Annual Recycled Water Repair & Replacement	$50,000	$-	$-	$-	$-	$50,000
Annual Recycled Water System Improvements	50,000	50,000	50,000	50,000	50,000	250,000
Annual Water Distribution System Improvements	1,300,000	880,000	725,000	4,366,000	1,396,500	8,667,500
City Groundwater Supply	2,981,247	-	15,740,000	11,750,000	-	30,471,247
Emergency Power Improvements Utility System	266,990	-	-	-	-	266,990
Foothill Pump Station Rehabilitation	-	-	275,000	1,265,000	-	1,540,000
Grey Eagle Pump Station Replacement	-	-	-	-	2,240,000	2,240,000
Kilkare and Sunol Fire Flow Improvements Program	-	500,000	500,000	1,500,000	4,000,000	6,500,000
Lemoine Bypass Pipeline (DS-5)	136,427	-	-	-	-	136,427
Near-Term Water Improvements	2,241,039	-	-	-	-	2,241,039
Recycled Water System Management Plan	300,000	-	-	-	-	300,000
SCADA Communications Network Improvements	-	-	-	1,180,000	-	1,180,000
Turnout #4 Pre-packaged Booster Station Procurement	1,300,000	-	-		-	1,300,000
Water Meter and AMI System Replacement	2,020,000	8,910,000	-	-	-	10,930,000
Water System Emergency Power Improvements Program	590,000	2,740,000	-	1,600,000	1,600,000	6,530,000
Water System Management Plan	255,712	-	-	-	-	255,712
Water Tank 1300 Rehabilitation	-	-	350,000	2,600,000	-	2,950,000
Water Tank Inspections and Repairs Program	-	-	-	630,000	650,000	1,280,000
Total Project Expenditures	**$11,491,415**	**$13,080,000**	**$17,640,000**	**$24,941,000**	**$9,936,500**	**$77,088,915**

Five Year Water CIP Resources

Revenue Category	2025-26	2026-27	2027-28	2028-29	2029-30	5-Year Total
City Development Fees	$7,000	$-	$-	$-	$-	$7,000
Grants & Miscellaneous	246,221	-	-	-	-	246,221
Transfer In from Other Funds	534,894	2,034,894	8,584,894	8,034,894	13,784,894	32,974,470
Interest Earnings	169,200	203,100	169,200	169,200	169,200	879,900
Anticipated Debt Proceeds	10,513,848	15,000,000	10,000,000	10,000,000	-	45,513,848
Total	**$11,471,163**	**$17,237,994**	**$18,754,094**	**$18,204,094**	**$13,954,094**	**$79,621,439**

Source: City of Pleasanton.

Outstanding Indebtedness

The City has the following outstanding long-term debt related to its Water System.

2015 SRF Loan. In June 2015, the City entered into an agreement with the California State Water Resources Control Board for State Revolving Fund project financing in the amount of $19,875,720 to fund the City of Pleasanton Recycled Water Project. The loan is secured by and payable solely from net revenues from the ownership or operation of the City's Water Enterprise. The agreement also requires that the City maintain and fund a separate account in an amount equal to one year of debt service. The City satisfied the debt service requirement by maintaining $438,935 in restricted cash balance. The agreement was amended in September 2015 to reduce the project funding to $11,317,177. The project was completed in October 2016 and the City had drawn a total of $11,088,917. The loan bears annual interest of 1.0 percent, and principal and interest payments are due October 31 of each year. The outstanding balance on June 30, 2026, was $8,200,805. The note is secured by a lien on and pledge of the Water Enterprise Fund, net water revenues and any water reserve fund on parity with the Installment Payments. In addition, the agreement contains a subjective acceleration clause that allows the lender to accelerate payment of the entire principal.

2024 Water Revenue Bonds. In May 2024, the City and the Authority entered into an installment sale agreement under which the City is obligated to make installment payments to the Authority. These installment payments constituted "Revenues" pledged under an indenture, pursuant to which the Authority issued its 2024 Water Revenue Bonds, which have an outstanding principal balance as of June 30, 2026 of $16,605,000. Repayment of the installment payments is secured by a pledge of the "Net Revenues" of the Water System.

Funds and Reserves

The City currently maintains separate funds for the Water System. Each of these funds is treated as a separate accounting entity but are consolidated for rate setting.

The Water Operating Fund is the main operating fund of the Water System. The fund is used to pay for all operating and maintenance costs for the Water System. The fund is also used for ongoing capital and replacement projects as budgeted each year.

The Water CIP Fund is used for specific capital improvement projects that were budgeted in past years. Each year, the City sets aside the full cost of capital improvements approved that year by transferring money from the Water Operating Fund to the Water CIP Fund. The Water CIP Fund typically carries a significant balance that is reserved for the remaining costs of projects approved in prior years but still under construction.

The Water Connection Fees Fund was established to record connection fees that are paid by developers to connect new services to the water system, and are used to fund improvements and expansion of the water system to accommodate new development. The fees also cover the incremental cost of future expansion and improvements necessary to accommodate new developments.

The City's fiscal policies and fiscal practices provide as follows, among other things:

(1) The City will maintain working capital in the Water System funds to provide for future capital projects and unanticipated emergencies, such as pump station repairs. The City will attempt to maintain a working capital reserve of at least 30% of the annual operating and maintenance expenses for the Water Fund. As of June 30, 2026, the amount in this reserve was $12.0 million (unaudited).

(2) A plan will be developed to provide a roadmap to replenish the reserve through a rate study when the reserve level is below 30%.

(3) Unspent funds in the Water CIP Fund will be used for future capital projects and also serve as a rate stabilization fund in which funds can be transferred back to the Water Operating Fund to cover operating expenses if needed.

Pro Forma Debt Service Coverage

The following table provides a pro forma statement of debt service coverage developed by the City, based on the definitions of Gross Revenues and Operations and Maintenance Costs set forth in the legal documents governing the 2026 Bonds (which excludes depreciation and other non-cash items). *The following contains estimated amounts for projected figures, which may vary considerably from actual results.*

Table 9
Water System
Pro Forma Historical and Projected Debt Service Coverage
Fiscal Years 2020-21 through 2024-25 and Projected 2025-26 through 2029-30*

	Actual					Projected*				
	2020-21	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**
Gross Revenue[1]										
Charges for Services	$31,955,874	$28,850,363	$28,055,185	$33,090,223	$41,403,473	$44,898,533	$51,552,786	$57,155,767	$61,728,228	$65,063,927
Other Operating Revenue	785,200	1,155,375	809,162	3,452,314	1,028,528	823,870	858,070	635,541	635,541	635,541
Interest Income	346,467	321,267	295,236	354,916	1,022,900	465,700	558,900	576,000	593,000	611,000
Capital Surcharge	161,860	65,160	109,200	26,900	101,258	7,000	-	-	-	-
Total Gross Revenues	**$33,249,401**	**$30,392,165**	**$29,268,783**	**$36,924,353**	**$43,556,159**	**$46,195,103**	**$52,969,756**	**$58,367,308**	**$62,956,769**	**$66,310,468**
Operations and Maintenance Costs[2]										
Purchased Water	$17,642,015	$17,825,538	$18,922,044	$23,436,500	$25,949,234	$27,206,922	$29,257,653	$29,353,610	$30,821,290	$32,362,355
Personnel Services	4,732,533	3,048,704	4,152,957	5,679,446	6,184,143	6,315,444	8,772,600	9,018,000	9,289,000	9,567,000
Services and Supplies/Repairs	4,905,793	6,128,260	5,422,693	3,278,322	3,583,013	5,897,412	7,366,755	7,240,496	6,525,482	6,496,319
Total M&O Costs	**$27,280,341**	**$27,002,502**	**$28,497,694**	**$32,394,268**	**$35,716,390**	**$39,419,778**	**$45,397,008**	**$45,612,106**	**$46,635,772**	**$48,425,674**
Net Revenues	**$5,969,060**	**$3,389,663**	**$771,089**	**$4,530,085**	**$7,839,769**	**$6,775,325**	**$7,572,748**	**$12,755,202**	**$16,320,997**	**$17,884,794**
Debt Service										
2015 SRF Loan	$398,129	$434,896	$432,647	$432,624	$432,601	$ 434,894	$434,894	$434,894	$434,894	$434,894
2017 Water Revenue Bonds	971,017	979,980	972,388	-	-	-	-	-	-	-
Installment Payments/2024 Bonds	-	-	-	1,928,875	1,251,008	1,113,750	1,115,250	1,116,000	1,116,000	1,115,250
Installment Payments/2026 Bonds	-	-	-	-	-	-	717,733	1,003,750	1,003,250	1,007,000
Installment Payments/2027 Bonds	-	-	-	-	-	-	-	-	741,315	741,315
Installment Payments/2028 Bonds	-	-	-	-	-	-	-	-	-	741,315
Total Debt Service	**$1,369,146**	**$1,414,876**	**$1,405,035**	**$2,361,499**	**$1,683,609**	**$1,548,644**	**$2,267,877**	**$2,554,644**	**$3,295,459**	**$4,039,774**
Debt Service Coverage Ratio*	**4.36**	**2.40**	**0.55**	**1.92**	**4.66**	**4.38**	**3.34**	**4.99**	**4.95**	**4.43**
Water Fund FYE Cash Balance[3]	**$31,834,863**	**$25,800,576**	**$22,850,893**	**$17,895,497**	**$20,991,551**	**$20,118,232**	**$23,618,536**	**$24,919,271**	**$25,434,986**	**$25,584,433**

(footnotes follow on next page)

* Estimated and subject to change for Fiscal Years 2025-26 through 2029-30.
(1) Grants are not included as operating revenues.
(2) Excludes deprecation and other non-cash charges.
(3) The balance includes investments but excludes restricted cash, most of which is the remaining 2024 Water Revenue Bond proceeds.
Source: City of Pleasanton.

Additional Information Regarding Projections. The table above reflects a number of assumptions regarding projected debt service coverage for Fiscal Years 2025-26 through 2029-30, including the following:

- Growth in customers during the projection period is expected to remain flat.

- Rate increases during the projection period are consistent with the previously adopted rate study, which provides for annual revenue increases of approximately 15% in each of Calendar Year 2026 and 2027, and 8% increases in each of Calendar Year 2028 and 2029.

- Purchased Water expenses are projected by the City to increase by up to 5% per year; actual costs charged by Zone 7 may vary significantly from this estimate.

- Other expenses, consisting of personnel services and services & supplies, are projected to increase at between 3% to 5% per year.

- A borrowing of $20 million was estimated for infrastructure improvements during the projection period.

With respect to capital costs associated with the Water System, the City's current CIP identifies a number of projects for planning purposes. All future years' projects and their related funding require annual review and approval by the City Council and are therefore subject to change. The City records its infrastructure capital costs, including Water System capital costs as capital assets. Because capital costs are not included in the definition of Operations and Maintenance Costs, they will not affect the availability of Net Revenues to make the Installments Payments. Should the City decide to finance any of these capital costs through the issuance of Parity Debt within the projection period, projected debt service coverage could decrease without a corresponding increase in either rates or customers.

BOND OWNERS' RISKS

The following describes certain special considerations and risk factors affecting the payment of and security for the 2026 Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of any 2026 Bonds and the order presented does not necessarily reflect the relative importance of the various risks. Potential investors in the 2026 Bonds are advised to consider the following special factors along with all other information in this Official Statement in evaluating the 2026 Bonds. There can be no assurance that other considerations will not materialize in the future.

Revenues; Rate Covenant

The Revenues securing the 2026 Bonds consist primarily of Installment Payments payable by the City, which, in turn, are secured by the Net Revenues of the Water System. Net Revenues are dependent upon the demand for water usage, which can be affected by population factors and climatic conditions such as droughts. There can be no assurance that demand for water usage will be consistent with the levels contemplated in this Official Statement. A decrease in the demand for water could require an increase in rates or charges in order to comply with the rate covenants contained in the Installment Sale Agreement. The City's ability to meet its rate covenants is dependent upon its capacity to increase rates without driving down demand to a level insufficient to meet debt service on the Installment Payments and Parity Debt.

No Debt Service Reserve Fund

Neither the Authority nor the City will fund a debt service reserve fund for the 2026 Bonds. If Net Revenues are insufficient for the City to pay the Installment Payments when due, no debt service reserve account funds will be available under the Installment Sale Agreement or Indenture for the City to make such payments.

Operations and Maintenance Costs; Third-Party Sources of Water Supply

There can be no assurance that expenses of the Water System will be consistent with the levels contemplated in this Official Statement. In particular, the City currently obtains 100% of its potable water from Zone 7, and therefore the City may have less control over the expenses attributable to its water supply than if the City directly controlled its water. The cost of purchased water from Zone 7 is, by far, the largest line item for Maintenance and Operating Costs and Zone 7 rates are passed-through to customers of the water system.

In addition to its purchased water expenses, changes in technology, changes in quality standards, and increases in the cost of operation or other expenses could require substantial increases in rates or charges in order to comply with the rate covenants in the Installment Sale Agreement. Changes in water quality included the changing regulations for PFAS. Until such rates can be implemented, Net Revenues may be reduced, increasing the possibility of nonpayment of the Installment Payments and, in turn, the 2026 Bonds.

Limitations on Remedies Available to Bond Owners

The ability of the City to comply with its covenants under the Installment Sale Agreement and to generate Net Revenues sufficient to pay principal of and interest on the Installment Payments and Parity Debt may be adversely affected by actions and events outside of the

control of the City, and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. Furthermore, any remedies available to the owners of the 2026 Bonds upon the occurrence of an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time-consuming to obtain.

In addition to the limitations on Bondholder remedies contained in the Indenture, the rights and obligations of the Authority under the Indenture may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Seismic and other Natural Disasters; Climate Change

General. The City is located in a seismically active area of California. If there were to be an occurrence of severe seismic activity in the area of the City, there could be an interruption in the service provided by the Water System, resulting in a temporary reduction in the amount of Net Revenues available to timely pay the Installment Payments. There are known earthquake faults near the City and the Water system could be damaged by an earthquake event, resulting in required unanticipated expense and repairs.

Other natural disasters, such as flooding, landslides or wildfires, could also affect or interrupt the service provided by the Water System, resulting in a temporary reduction in the amount of Net Revenues available to timely pay the Installment Payments.

Droughts. California is subject to droughts from time to time. The California Water Code asks agencies to evaluate their water service reliability by examining the impact of drought on their water supplies and comparing those reduced supplies to water demands. Specifically, agencies calculate their water supplies during a single dry year and five consecutive dry years using historical records. This water supply reliability assessment is documented within the City's Urban Water Management Plan (UWMP), which is closely tied to Zone 7's water supply reliability assessment. Under the City's current 2025 UWMP, the water supply reliability assessment projects the City will have adequate supply to meet a single dry year and indicates Zone 7 is expected to have adequate supply reliability to meet the City's current and projected demands through 2045. Furthermore, the analysis projects a potential small shortfall for Pleasanton (10 percent) in a five-year drought scenario beginning in 2045, specifically in the fifth consecutive year of drought. This shortfall is considered manageable through conservation measures consistent with the City's Water Shortage Contingency Plan. Currently, the City does not project a water supply shortfall in the upcoming year.

Loss of Tax-Exemption

As discussed under the caption "TAX MATTERS," interest on the 2026 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the 2026 Bonds were issued, as a result of future acts or omissions of the Authority or City in violation of its covenants in the Installment Sale Agreement and Indenture. Should such an event of taxability occur, the 2026 Bonds are not subject to special redemption and will remain outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

Proposition 218

General. On November 5, 1996, California voters approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID 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, limited local governments' authority to impose or increase 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").

Specifically, under Article XIIID, 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 XIIID, 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.

In addition, Article XIIIC 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 Proposition 218. After Proposition 218 was enacted in 1996, appellate court cases and an Attorney General's opinion initially indicated that fees and charges for water and wastewater services, which are based on the amount of services consumed, would not be considered property-related fees and charges, and thus not subject to the requirements of Article XIIID. However, numerous subsequent court cases have held that certain types of water and wastewater charges could be subject to the requirements of Proposition 218. These cases include, for example, *Capistrano Taxpayers Assoc., Inc. v. City of San Juan Capistrano* (186 Cal. Rptr. 3d 362 (Cal. App. 4th Distr. 2015)), *Bighorn-Desert View*

Water Agency v. Verjil (46 Cal. Rptr. 3d 73 (Cal. 2006)), and *Howard Jarvis Taxpayers Assoc. v. City of Fresno* (26 Cal. Rptr. 3d 153 (Cal. App. 5th Distr. 2005)).

Under the *Bighorn* case, for example, the court held that under Article XIIIC, local voters could adopt an initiative measure that could reduce or repeal a local agency's rates and charges, though 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, as is the case with respect to the Installment Payments securing the 2026 Bonds.

Under the *City of San Juan Capistrano* case, the court held that tiered or inclined rates that go up progressively in relation to usage must correspond to the actual cost of providing water service at each tier (level of usage), and accordingly the pricing for any tier cannot exceed the cost of service to that tier.

City's Current Practice Regarding Rates and Charges. The City's practice in implementing increases in water rates and charges has been to comply with the requirements of Article XIIID, including the practice of providing property owners with a 45-day mailed notice and public hearing before the City Council approves rate increases.

Conclusion. It is not possible to predict how courts will further interpret Article XIIIC and Article XIIID in future judicial decisions, and what, if any, further implementing legislation will be enacted. As noted above, under the *Bighorn* case, local voters could adopt an initiative measure that reduces or repeals the City's rates and charges, though 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, as is the case with respect to the Installment Payments securing the 2026 Bonds. ***There can be no assurance that the courts will not further interpret, or the voters will not amend, Article XIIIC and Article XIIID to limit the ability of local agencies to impose, levy, charge and collect increased fees and charges for water, or to call into question previously adopted water rate increases.***

Environmental Regulation

The supply of water by the City through the Water System is regulated, to a large extent, by the federal government and the State. Water treatment standards set forth in federal and State law control the operations of the Water System (and the wholesale water providers that supply water to the Water System) and mandate its use of technology. If the federal government, acting through the Environmental Protection Agency, or the State, acting through the Department of Health Services, or additional federal or State legislation, should impose stricter standards upon the Water System, the City's expenses related to the Water System could increase accordingly and rates and charges would have to be increased to offset those expenses. See "Operations and Maintenance Costs; Third Party Sources of Water Supply" above.

It is not possible to predict the direction which federal or State regulation will take with respect to water standards, although it is likely that both will impose more stringent standards with attendant higher costs.

Public Health Emergencies

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. Pandemic diseases arising in the future could have significant adverse health and financial impacts throughout the world, leading to loss of jobs and personal financial hardships, and/or actions by federal, State and local governmental authorities to contain or mitigate the effects of an outbreak.

Taxpayer assistance measures may include deferral of due dates of utility rates (including Water System rates and charges), which was an assistance program during the COVID-19 pandemic, and with or without a deferral some ratepayers may be unable to make their payments. No assurance can be given that the Water System payment dates will not be deferred in the future, which may cause a delay in the receipt of rate revenues.

Cybersecurity

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the City's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City or the Water System, or the administration of the 2026 Bonds.

The City is also reliant on other entities and service providers in connection with the operation of the Water System and the administration of the 2026 Bonds, including without limitation, the City's wholesale water provider, the Trustee and the dissemination agent. No assurance can be given that the City and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the 2026 Bonds or, if a secondary market exists, that any 2026 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

Future Parity Debt

As described in "SECURITY FOR THE 2026 BONDS – Parity Debt" above, the Installment Sale Agreement permits the City to issue Parity Debt in the future that is secured and payable on parity with the payment of the Installment Payments securing the 2026 Bonds. In the event of a decline in Net Revenues available to pay the Installment Payments securing the 2026 Bonds, the existence of additional Parity Debt could adversely affect the City's ability to timely pay the Installment Payments securing the 2026 Bonds.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall LLP, San Mateo, California, as Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2026 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. Interest on the 2026 Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the Authority and the City 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 2026 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Authority and City have 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 2026 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2026 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 2026 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

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 2026 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 2026 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2026 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2026 Bonds who purchase the 2026 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2026 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2026 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 2026 Bonds is sold to the public.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the 2026 Bond (said term being the shorter of the 2026 Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2026 Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2026 Bond is amortized each year over the term to maturity of the 2026 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 bond premium is not deductible for federal income tax purposes. Owners of premium

2026 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 2026 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2026 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 2026 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 2026 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 2026 Bonds, or as to the consequences of owning or receiving interest on the 2026 Bonds, as of any future date. Prospective purchasers of the 2026 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 2026 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2026 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 2026 Bonds, the ownership, sale or disposition of the 2026 Bonds, or the amount, accrual or receipt of interest on the 2026 Bonds.

CERTAIN LEGAL MATTERS

Jones Hall LLP, as Bond Counsel, will render an opinion with respect to the validity of the 2026 Bonds, the form of which opinion is set forth in APPENDIX E. Certain legal matters will also be passed upon for the City by Jones Hall LLP, as Disclosure Counsel and by the City Attorney. Certain legal matters will be passed upon for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth LLP. The fees of Bond Counsel, Disclosure Counsel and Underwriter's counsel are contingent on the sale and closing of the 2026 Bonds.

NO MATERIAL LITIGATION

No litigation is pending or threatened concerning the validity of the 2026 Bonds. Neither the Authority nor the City is aware of any litigation pending or threatened questioning the political existence of the Authority or the City or contesting the City's power to fix water rates and charges, or the power of the governing body of the Authority or the City Council or in any way questioning or affecting: (i) the proceedings under which the 2026 Bonds are to be issued; (ii) the validity of any provision of the 2026 Bonds, the Installment Sale Agreement or the

Indenture; (iii) the pledge of Net Revenues under the Installment Sale Agreement or the pledge of Revenues under the Indenture; or (iv) the titles to office of the present members of the governing body of the Authority or the City Council.

There are a number of suits and claims pending against the City, which may include personal injury, wrongful death and other suits and claims against which the City may self-insure. The aggregate amount of the self-insured liabilities of the City which may result from such suits and claims will not, in the opinion of the City, materially impair the ability of the City to pay the Installment Payments securing the 2026 Bonds as they become due.

There is no litigation pending, with service of process having been accomplished, against the City which if determined adversely to the City would, in the opinion of the City, materially impair the ability of the City to pay the Installment Payments securing the 2026 Bonds as they become due.

RATING

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("**S&P**") has assigned its municipal bond rating of "AA" to the 2026 Bonds. This rating reflects only the views of S&P, and an explanation of the significance of this rating, and any outlook assigned to or associated with this rating, should be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Authority has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement). There is no assurance that this rating will continue for any given period of time or that this rating will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of any rating on the 2026 Bonds may have an adverse effect on the market price or marketability of the 2026 Bonds.

CONTINUING DISCLOSURE

The City will covenant for the benefit of owners of the 2026 Bonds to provide certain financial information and operating data by not later than nine months after the end of the City's Fiscal Year, or March 31, of each year (based on the City's current Fiscal Year-end of June 30), commencing March 31, 2027, with the report for the 2025-26 Fiscal Year (the "**Annual Report**") and to provide notices of the occurrence of certain listed events.

These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**"). The specific nature of the information to be contained in the Annual Report or the notices of listed events by the City is set forth in "APPENDIX C – Form of Continuing Disclosure Certificate."

[**Underwriter to confirm**] [The City has previously entered into continuing disclosure undertakings under the Rule in connection with the issuance of long-term obligations. During the past five years, the City has not failed to comply, in all material respects, with its undertakings under the Rule.]

UNDERWRITING

Siebert Williams Shank & Co., LLC, as underwriter of the 2026 Bonds (the "**Underwriter**"), has agreed to purchase the 2026 Bonds from the Authority at a purchase price of $_____ which represents the aggregate principal amount of the 2026 Bonds, plus/less [net] original issue premium/discount of $_____, less underwriter's discount of $_____.

The purchase contract under which the Underwriter is purchasing the 2026 Bonds provides that the Underwriter will purchase all of the 2026 Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the purchase contract.

The public offering prices of the 2026 Bonds may be changed from time to time by the Underwriter. The Underwriter may offer and sell the 2026 Bonds to certain dealers and others at a price lower than the offering price stated on the cover page of this Official Statement.

MUNICIPAL ADVISOR

The Authority has retained PFM Financial Advisors LLC, as its municipal advisor (the "**Municipal Advisor**") in connection with the authorization and delivery of the 2026 Bonds. The Municipal Advisor assumes no responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the 2026 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

EXECUTION

The execution of this Official Statement and its delivery have been authorized by the governing body of the Authority and the City Council of the City.

PLEASANTON JOINT POWERS FINANCING AUTHORITY

By: _____
Executive Director

CITY OF PLEASANTON

By: _____
City Manager

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE CITY FOR FISCAL YEAR ENDED JUNE 30, 2025

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$_____
PLEASANTON JOINT POWERS FINANCING AUTHORITY
2026 WATER REVENUE BONDS

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the City of Pleasanton (the "**City**") in connection with the issuance of the above-captioned bonds (the "**2026 Bonds**"). The 2026 Bonds are being issued by the Pleasanton Joint Powers Financing Authority (the "**Authority**") under an Indenture of Trust dated as of October 1, 2026 (the "**Indenture**") by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "**Trustee**"). The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the 2026 Bonds and in order to assist the Participating Underwriter in complying with the Rule (defined herein).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4.

"*Annual Report Date*" means the date that is nine months after the end of the City's fiscal year (currently March 31 based on the City's fiscal year end of June 30).

"*Dissemination Agent*" means, initially, Digital Assurance Certification, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a).

"*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 dated _____, 2026, executed by the City in connection with the issuance of the 2026 Bonds.

"*Participating Underwriter*" means any original underwriter of the 2026 Bonds required to comply with the Rule in connection with the issuance of the 2026 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 City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2027, with the report for the 2025-26 fiscal year, 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. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City 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; provided that the audited financial statements of the City 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 City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The City 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 City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide (or cause the Dissemination Agent to provide) to the MSRB, in a timely manner as required by the Rule, in an electronic format as prescribed by the MSRB a notice to such effect.

(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 City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements of the City 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 City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), 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) To the extent not contained in the audited financial statements filed under the preceding clause (a), the Annual Report shall contain information showing the following:

(i) A schedule of water rates in effect as of the close of the preceding fiscal year, by classification of customer; in substantially the form of Table 5 and Table 6 in the Official Statement;

(ii) Net Revenues received by the City during the preceding fiscal year and the amount by which such Net Revenues provides coverage for the payments of debt service coming due in such fiscal year with respect to the Installment Payments securing the 2026 Bonds and any other Parity Debt, in substantially the form of Table 9 in the Official Statement;

(iii) A description of any additional indebtedness incurred during the most recently-completed fiscal year that is payable from Net Revenues on a parity or subordinate basis with the Installment Payments securing the 2026 Bonds;

(iv) Customer information, for the most recently ended fiscal year only, in substantially the form of Table 3 in the Official Statement; and

(v) Water System top ten customer information in substantially the form of Table 4 in the Official Statement.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City 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 City or related public entities, which are available to the public on the MSRB's Internet website or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the 2026 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 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 City.

Note: For the purposes of the event identified in subparagraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. 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 City, or if such jurisdiction has been assumed by leaving the existing governmental 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 City.

(13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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 City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material (for definition of “financial obligation,” see Section 6(c)).

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties (for definition of “financial obligation,” see Section 6(c)).

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, and, if the Listed Event is described in subsections (a)(2), (a)(6), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) above, the City determines that knowledge of the occurrence of that Listed Event would be material under applicable Federal securities law, the City shall, or shall cause the Dissemination Agent (if not the City) 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 the 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 2026 Bonds under the Indenture.

© 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 Municipal Securities Rulemaking Board 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 City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2026 Bonds. If such termination occurs prior to the final maturity of the 2026 Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section(c).

Section 8. Dissemination Agent. The City may, from time to time, appoint, engage or change 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. Any Dissemination Agent may resign by providing 30 days' written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City 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 the City with respect to the 2026 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 2026 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;©d

(c) the proposed amendment or waiver either (i) is approved by holders of the 2026 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 2026 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 City 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(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City 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 City 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 City 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 City fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the 2026 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City 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 City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent (if other than the City), the Participating Underwriter and the holders and beneficial owners from time to time of the 2026 Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Certificate may be executed in several counterparts and/or with electronic signatures, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2026

CITY OF PLEASANTON

By_____
Name:_____
Title:_____

ACCEPTED AND AGREED:

Digital Assurance Certification,
As Dissemination Agent

By_____
Authorized Representative

APPENDIX D

GENERAL INFORMATION ABOUT THE CITY OF PLEASANTON AND THE COUNTY OF ALAMEDA

*The following information concerning the County of Alameda (the "**County**") and the City of Pleasanton (the "**City**") is included only for the purpose of supplying general information regarding the region in which the Water System is located. The 2026 Bonds are not a debt of the County, the City, the State of California (the "**State**") or any of its political subdivisions, and neither the County, the City, the State nor any of its political subdivisions is liable therefor. The City and the Underwriter take no responsibility for the accuracy or completeness of such information.*

General

The City. The City was incorporated on June 18, 1894. The City's history has been shaped largely by its geographic location, from its days as a stop on the transcontinental railroad to its modern-day position as a center of commerce at the intersection of interstate freeways 580 and 680. The City enjoys a rich blend of historic turn-of-the-century charm and vital modern facilities that provide the quality of life and economic well-being desired by residents and businesses. This successful balance has been achieved through the City's active and involved citizenry, strong community leadership and committed City government.

The City occupies a land area of 24.2 square miles and serves a residential population of 76,149 as estimated by the California Department of Finance as of January 1, 2026. The City is a full-service general law city providing police, fire, sewer, water, street, parks, support services, economic development, community development (planning, building and inspection services), community services (recreation, sports, senior center, preschool, etc.) and library services.

The City operates under the Council-Manager form of government, with four Council members elected to represent specific districts by City residents within such districts for staggered four-year terms and the Mayor elected at-large by all City residents for a two-year term. The City Council appoints the City Manager and the City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City and appointing department directors.

The County. The County is located on the east side of the San Francisco Bay, extending to the City of Albany on the north, the City of Fremont on the south, and to the City of Livermore on the east, and is approximately ten miles west of San Francisco. Automobile access to San Francisco is provided by the San Francisco-Oakland Bay Bridge.

The northern part of the County has direct access to San Francisco Bay and the City of San Francisco. It is highly diversified with residential areas, active commercial areas, traditional heavy industry, the University of California at Berkeley, the Port of Oakland, and sophisticated manufacturing, computer services and biotechnology firms. The middle of the County is also highly developed including older established residential and industrial areas. The southeastern corner of the County, including the cities of Pleasanton and Livermore, has seen strong growth in residential development and manufacturing. Many high-tech firms have moved from neighboring Silicon Valley in Santa Clara County to the County.

Population

The following table lists population estimates for the City, the County and the State for the last five years, as of January 1 each year.

CITY OF PLEASANTON, COUNTY OF ALAMEDA, STATE OF CALIFORNIA
Population Estimates
Years 2022 through 2026, as of January 1

Year	City of Pleasanton	Alameda County	State of California
2022	77,741	1,652,305	39,159,480
2023	77,225	1,657,494	39,167,274
2024	76,863	1,661,452	39,446,835
2025	76,659	1,667,901	39,646,907
2026	76,149	1,666,136	39,592,978

Source: California Department of Finance, Demographic Research Unit.

Industry and Employment

The City is included in the Oakland-Fremont-Berkeley Metropolitan Division ("**MD**"). The unemployment rate in the Oakland-Fremont-Berkeley MD was 4.1% in April 2026, down from a revised 4.3% in March 2026, and below the year-ago estimate of 4.3%. This compares with an unadjusted unemployment rate of 5.0% for the State and 4.0% for the nation during the same period. The unemployment rate was 4.1% in the County, and 4.2% in Contra Costa County.

The table below provides information about employment by industry type for Alameda County for calendar years 2021 through 2025 (the most recent annual data available).

OAKLAND-FREMONT-BERKELEY MD
(Alameda and Contra Costa Counties)
Civilian Labor Force, Employment and Unemployment
March 2025 benchmark

	2021	2022	2023	2024	2025†
Civilian Labor Force (1)	1,417,100	1,434,900	1,451,300	1,455,300	1,459,600
Employment	1,332,800	1,387,700	1,395,500	1,390,400	1,391,000
Unemployment	84,300	47,100	55,700	64,800	68,600
Unemployment Rate	5.9%	3.3%	3.8%	4.5%	4.7%
Wage and Salary Employment: (2)					
Agriculture	1,700	1,900	1,800	1,500	1,300
Mining and Logging	200	300	300	300	300
Construction	74,300	75,600	75,700	74,100	71,000
Manufacturing	106,000	112,300	111,200	104,100	98,400
Wholesale Trade	41,100	41,500	41,200	40,400	40,100
Retail Trade	105,300	106,200	105,300	103,200	101,900
Transportation, Warehousing, Utilities	47,100	51,700	52,200	52,000	50,900
Information	24,700	25,000	25,100	24,800	24,500
Finance and Insurance	34,800	33,600	31,100	28,800	27,300
Real Estate and Rental and Leasing	17,200	18,400	18,500	18,100	17,600
Professional and Business Services	190,900	194,800	188,300	186,400	183,300
Educational and Health Services	198,500	205,800	216,800	229,700	241,000
Leisure and Hospitality	92,500	108,300	111,700	111,000	110,500
Other Services	35,600	39,200	41,500	43,000	43,800
Federal Government	13,400	13,100	13,200	13,300	12,700
State Government	35,900	33,100	34,500	36,600	36,300
Local Government	111,800	115,200	118,000	123,100	126,100
Total, All Industries (3)	1,130,900	1,176,000	1,186,300	1,190,200	1,187,000

† Most recent annual data available.

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Calculations may not foot due to rounding.

Source: State of California Employment Development Department.

Principal Employers

The following table lists the principal employers within the City for fiscal year 2024-25.

CITY OF PLEASANTON
Principal Employers
Fiscal Year 2024-25

Employer Name	Estimated No. of Employees
Workday Inc.	5,387
The Permanente Medical Group Inc.	1,414
Stanford Health Care Trivalley	1,124
Safeway Inc.	1,110
Kaiser Foundation Health Plan	1,001
Ice Mortgage Technology Inc.	997
Veeva Systems Inc.	945
Oracle America Inc.	882
Kaiser Foundation Hospitals	678
Roche Molecular Systems Inc.	643
Life Technologies	579
10x Genomics	486
SMM Facilities Inc.	475
Costco Wholesale #1341	357
Clorox Services Company	354

Source: City of Pleasanton.

The following table lists, in alphabetical order, the largest manufacturing and non-manufacturing employers within the County as of June 2026.

COUNTY OF ALAMEDA
Major Employers
As of June 2026
(In Alphabetical Order)

Employer Name	Location	Industry
Alameda County Law Enforcement	Oakland	Government Offices-County
Alameda County Sheriff's Ofc	Oakland	Government Offices-County
Alta Bates Summit Med Ctr Alta	Berkeley	Hospitals
BART PD	Oakland	Transit Lines
BELFOR Property Restoration	Hayward	Building Preservation
California State Univ East Bay	Hayward	Schools-Universities & Colleges Academic
Cooper Vision Inc	Pleasanton	Optical Goods-Wholesale
Dell EMC	Pleasanton	Computer Storage Devices (mfrs)
East Bay Muni Utility Dist	Oakland	Water & Sewage Companies-Utility
Kaiser Permanente Oakland Med	Oakland	Hospitals
Lawerence Berkeley Lab	Berkeley	Laboratories-Research & Development
Lawrence Livermore NTNL Lab	Livermore	Laboratories
Linl St & T Staff	Livermore	Research Service
Logitech	Newark	Computer Peripherals (mfrs)
Oracle	Pleasanton	Software/Application/Platform Publishing
Ross Stores Inc	Dublin	Department Stores
BART	Oakland	Transit Lines
Tekion Corp	Pleasanton	Software/Application/Platform Publishing
Tesla Fremont Factory	Fremont	Automobile-Manufacturers
Transportation Dept-California	Oakland	Government Offices-State
UCSF Benioff Children's Hosp	Oakland	Hospitals
University of Ca-Berkeley	Berkeley	University-College Dept/Facility/Office
University-Ca-Berkeley Dept	Berkeley	University-College Dept/Facility/Office

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2026 1st edition.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the City, the County, the State, and the United States for the period 2022 through 2026.

CITY OF PLEASANTON, ALAMEDA COUNTY,
STATE OF CALIFORNIA AND UNITED STATES
EFFECTIVE BUYING INCOME
As of January 1, 2022 through 2026

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2022	City of Pleasanton	$5,725,339	$146,316
	Alameda County	85,225,529	99,940
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	City of Pleasanton	$5,398,638	$140,128
	Alameda County	80,766,211	98,721
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	City of Pleasanton	$5,491,570	$143,270
	Alameda County	84,213,255	101,689
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876
2025	City of Pleasanton	$5,708,206	$150,896
	Alameda County	88,476,678	106,127
	California	1,557,429,767	82,725
	United States	12,525,577,707	69,687
2026	City of Pleasanton	$5,859,820	$156,187
	Alameda County	93,282,704	110,609
	California	1,730,654,738	90,403
	United States	13,932,177,817	75,433

Source: Claritas, LLC.

Commercial Activity

A summary of historic taxable sales within the City and the County during the past five years in which data is available is shown in the following tables.

Total taxable sales during calendar year 2025 in the City were reported to be $2,160,549,161, a 3.14% increase over the total taxable sales of $2,094,831,755 reported during calendar year 2024.

CITY OF PLEASANTON
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2021	2,007	$1,353,697	3,406	$1,978,075
2022	1,917	1,466,945	3,344	2,188,236
2023	1,849	1,402,154	3,239	2,064,221
2024	1,822	1,390,254	3,244	2,094,832
2025[(1)]	1,851	1,497,727	3,317	2,160,549

(1) Most recent annual data available.
Source: State Department of Tax and Fee Administration.

Total taxable sales during calendar year 2025 in the County were reported to be $39,928,871,720, a 0.92% increase over the total taxable sales of $ 39,565,009,542 reported during calendar year 2024.

COUNTY OF ALAMEDA
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2021	26,964	$22,602,772	47,565	$37,935,594
2022	27,010	23,910,667	48,059	44,323,669
2023	26,192	23,070,366	46,749	41,390,500
2024	26,239	22,841,009	47,167	39,565,010
2025[(1)]	26,271	23,442,423	47,789	39,928,872

(1) Most recent annual data available.
Source: State Department of Tax and Fee Administration.

Construction Activity

Construction activity in the City and the County for the past five years for which data is available is shown in the following tables. Data is not available for 2025.

CITY OF PLEASANTON
Building Permit Valuation (Dollars in Thousands)[1]

	2020	2021	2022	2023	2024[2]
Permit Valuation					
New Single-family	$22,062.4	$22,518.4	$42,740.5	$21,321.3	$8,803.1
New Multi-family	0.0	0.0	0.0	0.0	19,819.1
Res. Alterations/Additions	15,972.0	23,631.9	19,384.5	21,932.7	35,388.5
Total Residential	38,034.4	46,150.3	62,125.0	43,254.0	64,010.7
New Commercial	849.7	89,095.9	4,477.0	24,736.9	22,254.9
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	3,621.5	8,828.4	9,299.6	11,271.1	11,500.3
Com Alterations/Additions	52,520.0	63,817.8	91,226.3	62,110.3	39,050.1
Total Nonresidential	56,991.2	161,742.1	105,002.9	98,118.3	72,805.30
New Dwelling Units					
Single Family	27	41	56	41	25
Multiple Family	0	0	0	0	30
TOTAL	27	41	56	41	55

(1) Totals may not foot due to rounding.
(2) Most recent annual data available.
Source: Construction Industry Research Board, Building Permit Summary.

ALAMEDA COUNTY
Building Permit Valuation (Dollars in Thousands)[1]

	2020	2021	2022	2023	2024[2]
Permit Valuation					
New Single-family	$394,500.3	$407,585.0	$339,046.4	$332,289.9	$245,815.1
New Multi-family	722,038.0	829,822.2	795,917.3	507,952.9	347,250.8
Res. Alterations/Additions	293,866.8	222,971.3	323,712.1	425,659.0	565,142.4
Total Residential	1,410,405.1	1,460,378.5	1,458,675.8	1,265,901.8	1,158,208.3
New Commercial	238,516.5	312,914.6	268,498.1	405,330.0	339,193.2
New Industrial	0.0	600.0	33,740.8	65,576.2	0.0
New Other	131,447.0	110,817.0	120,294.6	94,551.2	103,572.7
Com Alterations/Additions	628,230.5	892,656.8	993,782.1	852,215.1	476,510.3
Total Nonresidential	998,194.0	1,316,988.4	1,416,315.6	1,417,672.5	919,276.2
New Dwelling Units					
Single Family	1,152	1,589	1,175	1,061	907
Multiple Family	2,610	4,494	3,366	3,686	1,524
TOTAL	3,762	6,083	4,541	4,747	2,431

(1) Totals may not foot due to rounding.
(2) Most recent annual data available.
Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Pleasanton Joint Powers Financing Authority
P.O. Box 520
Pleasanton, California 94566

OPINION: $_____ Pleasanton Joint Powers Financing Authority
2026 Water Revenue Bonds

Members of the Authority:

We have acted as bond counsel to the Pleasanton Joint Powers Financing Authority (the "Authority") in connection with the issuance by the Authority of its Pleasanton Joint Powers Financing Authority 2026 Water Revenue Bonds in the aggregate principal amount of $_____ (the "Bonds"), under an Indenture of Trust dated as of October 1, 2026 (the "Indenture"), between the Authority and U.S. Bank Trust Company, National Association, as trustee, and under the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "Bond Law"). The Bonds are secured by Revenues as such term is defined in the Indenture, including installment payments (the "Installment Payments") made by the City of Pleasanton (the "City") under an Installment Sale Agreement dated as of October 1, 2026 (the "Installment Sale Agreement") between the Authority and the City.

We have examined such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Authority and the City contained in the Indenture, the Installment Sale Agreement and in the certified proceedings, and upon other certifications furnished to us, without undertaking to verify the same by independent investigation.

Based upon our examination we are of the opinion, under existing law, that:

1. The Authority is a joint powers agency duly organized and existing under the laws of the State of California, with power to enter into the Indenture, to perform the agreements on its part contained therein and to issue the Bonds.

2. The Bonds have been duly issued by the Authority and constitute legal, valid and binding special obligations of the Authority enforceable in accordance with their terms.

3. The Indenture and the Installment Sale Agreement have been duly authorized, executed and delivered by the Authority and constitute legal, valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms.

4. The Indenture establishes a valid lien on and security interest in the Revenues and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Indenture.

5. The City is a municipal corporation duly organized and existing under the laws of the State of California, with power to enter into the Installment Sale Agreement and to perform the agreements on its part contained therein. The Installment Sale Agreement has been duly approved by the City and constitutes a legal, valid and binding obligation of the City enforceable against the City in accordance with its terms. The Installment Sale Agreement establishes a valid lien on and security interest in the Net Revenues of the Water System and other funds pledged thereby for the security of the Installment Payments, in accordance with the terms of the Installment Sale Agreement.

6. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the Authority and the City comply with all requirements of the Internal Revenue Code of 1986, as amended, which must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Authority and the City have covenanted in the Indenture, the Installment Sale Agreement and in other instruments relating to the Bonds to comply with each of such requirements, and the Authority and the City have full legal authority to make and comply with such covenants. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

7. Interest on the Bonds is exempt from California personal income taxation.

Interest on the Bonds may be subject to the corporate alternative minimum tax. We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture and the Installment Sale Agreement may be subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Moreover, our opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or any court; rather, our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the 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, and neither the City nor the Underwriter take responsibility for the accuracy thereof.

Neither the issuer of the Bonds (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the "Agent") take 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 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 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 Bonds (hereinafter, 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. *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.

2026 Water Revenue Bond Issuance

City Council Meeting
September 15, 2026

THE CITY OF PLEASANTON

1

Agenda

- Background
- Financing Plan
- Financing Schedule

THE CITY OF PLEASANTON

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Financing Team

City Staff

PFM – Municipal Advisor

Jones Hall – Bond and Disclosure Counsel

Siebert Williams Shank – Underwriter

U.S. Bank – Trustee

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Background

- On August 11, 2026, the City Council adopted a resolution declaring the City's intention to reimburse expenditures relating to capital improvement projects
  - Replace aging infrastructure to maintain or improve system reliability and operability
  - Improve water system capacity
  - Comply with regulatory requirements
  - Align with ONE Pleasanton strategic plan goal of *Investing in Our Environment*
- The costs are estimated at $15.0M

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Project Overview

The bond proceeds will be used to finance all or a portion of the following improvements:

- Water Meter and Advanced Metering Infrastructure (AMI) System Replacement
- City Groundwater Supply Project
- Water System Emergency Power Improvements Program
- Annual Water Distribution System Improvements
- Any other improvements to the Water System approved by the City Council

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Financing Plan

- New money bonds to be repaid over a 25-year period
  - Interest rate not to exceed 5.5%
  - Call provision allowing the City to redeem outstanding bonds prior to scheduled maturity
  - Bonds will be sold through a negotiable sale
  - S&P Global Ratings assigned credit rating: AA with a stable outlook

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Financing Plan (cont.)

- True interest cost: 4.29%
- Estimated issuance costs: $264K
- Estimated annual debt service payment: $1.0M
- Total debt service payments: $24.65M
- These are good faith estimates only. Final results will likely differ based on market conditions as of the actual sale date and other factors.

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Financing Plan (cont.)

- 20-, 25-, and 30-year repyament option comparison

	20 Years	25 Years	30 Years
True Interest Costs	3.97%	4.29%	4.50%
Max Annual Debt Service	$1,116,000	$999,500	$928,000
Total Debt Service	$21,948,200	$24,650,000	$27,493,300

- Annual debt service must be balanced against three competing priorities:
  - Preserving sufficient annual cash flow to fund ongoing capital projects
  - Maintaining strong days' cash on hand
  - Retaining capacity for planned future debt issuances

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Financing Schedule

September 15, 2026
- Adopt Resolutions Authorizing Bond Issuance

September 29, 2026
- Pricing

October 13, 2026
- Receive Bond Proceeds

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Recommendation

- Approve and direct execution of bond documents to issue Water Revenue Bonds with a principal amount not to exceed $16.5 million.

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Thank You!

THE CITY OF PLEASANTON

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