PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 6, 2026

In the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

NEW ISSUE – BOOK-ENTRY ONLY

RATING: S&P: "AAA"
See the caption "RATING."

$28,500,000*
MARIN PUBLIC FINANCING AUTHORITY
(LAS GALLINAS VALLEY SANITARY DISTRICT)
WASTEWATER REVENUE BONDS, SERIES 2026A

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

The Bonds are being issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Individual purchases will be made in denominations of $5,000 and integral multiples thereof and will be in book-entry form only. Purchasers of the Bonds will not receive certificates representing their beneficial ownership in the Bonds but will receive credit balances on the books of their respective nominees. Interest on the Bonds is payable on April 1 and October 1 of each year, commencing October 1, 2026. Payment of the principal of and interest on the Bonds is to be made to Cede & Co., which is to disburse said payments to the Beneficial Owners of the Bonds through their nominees.

The Bonds are subject to redemption prior to maturity, all as more fully described herein.

The Bonds are being issued to provide funds to finance certain capital improvements to the Las Gallinas Valley Sanitary District's (the "District") Wastewater System and to pay costs incurred in connection with the issuance of the Bonds.

The Bonds are being issued pursuant to the Indenture of Trust, dated as of February 1, 2026, by and between the Marin Public Financing Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). THE BONDS ARE A SPECIAL LIMITED OBLIGATION OF THE AUTHORITY PAYABLE SOLELY FROM AUTHORITY REVENUES, WHICH CONSIST OF SERIES 2026 INSTALLMENT PAYMENTS TO BE MADE BY THE DISTRICT TO THE AUTHORITY PURSUANT TO THE INSTALLMENT PURCHASE AGREEMENT, DATED AS OF FEBRUARY 1, 2026, AND FROM CERTAIN OTHER FUNDS AND ACCOUNTS HELD BY THE TRUSTEE PURSUANT TO THE INDENTURE. NEITHER THE FULL FAITH AND CREDIT NOR ANY OTHER REVENUES OR FUNDS OF THE AUTHORITY ARE PLEDGED TO OR AVAILABLE FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS. THE OBLIGATION OF THE AUTHORITY TO MAKE PAYMENTS OF PRINCIPAL AND INTEREST ON THE BONDS DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE AUTHORITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE AUTHORITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

No debt service reserve fund has been established in connection with the issuance of the Bonds.

The obligation of the District to make the Series 2026 Installment Payments is a special limited obligation of the District payable solely from Net Revenues of the District's Wastewater System. The District may incur additional obligations payable from Net Revenues on a parity with the obligation to pay Series 2026 Installment Payments, subject to the terms and conditions of the Installment Purchase Agreement, as more fully described herein.

THE OBLIGATION OF THE DISTRICT TO MAKE SERIES 2026 INSTALLMENT PAYMENTS PURSUANT TO THE INSTALLMENT PURCHASE AGREEMENT DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE DISTRICT TO MAKE THE SERIES 2026 INSTALLMENT PAYMENTS IS A SPECIAL LIMITED OBLIGATION OF THE DISTRICT PAYABLE SOLELY FROM NET REVENUES OF THE DISTRICT'S WASTEWATER SYSTEM AND DOES NOT CONSTITUTE A DEBT OF THE DISTRICT OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

MATURITY SCHEDULE
(See inside front cover page)

The Bonds were awarded on February __, 2026 as set forth in the Notice Providing Proposals for Purchase of Bonds dated February 6, 2026. The Bonds will be offered when, as and if issued, subject to the approval of the valid, legal and binding nature of the Bonds by Stradling Yocca Carlson & Rauth LLP, Bond Counsel, and certain other conditions. Certain matters will be passed upon for the District and the Authority by Byers/Richardson, California, and by Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel and for the Trustee by its counsel. It is anticipated that the Bonds will be available for delivery through the facilities of The Depository Trust Company on or about February 26, 2026.

Dated: February __, 2026

* *Preliminary, subject to change.*

$28,500,000*
MARIN PUBLIC FINANCING AUTHORITY
(LAS GALLINAS VALLEY SANITARY DISTRICT)
WASTEWATER REVENUE BONDS, SERIES 2026A

MATURITY SCHEDULE
BASE CUSIP† _______

$_______ Serial Bonds

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

$_______ _______% Term Bonds Due April 1, 20__, Yield: ____%, Price: ______(C), CUSIP† ____
$_______ _______% Term Bonds Due April 1, 20__, Yield: ____%, Price: ______(C), CUSIP† ____

** Preliminary, subject to change.*

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SPECIAL SERVICES

Bond Counsel and Disclosure Counsel
Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

Trustee
U.S. Bank Trust Company, National Association
Los Angeles, California

Municipal Advisor
Ridgeline Municipal Strategies, LLC
Rocklin, California

No dealer, broker, salesperson or other person has been authorized by the District or the Authority to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or Owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

This Official Statement and the information that is contained herein are subject to completion or amendment without notice, and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or the Authority or any other parties that are described herein since the date hereof. These securities may not be sold, nor may an offer to buy be accepted, prior to the time that the Official Statement is delivered in final form. This Official Statement is being submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the District. All summaries of documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

Certain statements which are included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "project," "budget," "intend" or similar words. Such forward-looking statements include, but are not limited to, certain statements contained under the captions "THE DISTRICT" and "THE WASTEWATER SYSTEM OF THE DISTRICT."

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 DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. IN EVALUATING SUCH STATEMENTS, POTENTIAL INVESTORS SHOULD SPECIFICALLY CONSIDER THE VARIOUS FACTORS WHICH COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE INDICATED BY SUCH FORWARD-LOOKING STATEMENTS.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT, AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The District maintains a website; however, information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

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SUMMARY STATEMENT

This Summary Statement is subject in all respects to the more complete information contained in this Official Statement, and the offering of the Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms that are used and not otherwise defined in this Summary Statement have the meanings ascribed to them in this Official Statement.

Purpose. The Bonds are being issued to provide funds: (i) to finance certain capital improvements to the Las Gallinas Valley Sanitary District's (the "**District**") Wastewater System, as described under the caption "THE FINANCING PLAN—Wastewater System Improvements" and (ii) to pay costs incurred in connection with the issuance of the Bonds. See the caption "ESTIMATED SOURCES AND USES OF FUNDS."

Security for the Bonds. The Bonds are a special limited obligation of the Marin Public Financing Authority (the "Authority") payable solely from Authority Revenues, which consist of Series 2026 Installment Payments to be made by the District to the Authority pursuant to the Installment Purchase Agreement and amounts on deposit in certain funds and accounts established by the Indenture. Neither the full faith and credit nor any other revenues or funds of the Authority are pledged to or available for the payment of debt service on the Bonds. THE OBLIGATION OF THE AUTHORITY TO MAKE PAYMENTS OF PRINCIPAL AND INTEREST ON THE BONDS DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE AUTHORITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE AUTHORITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

The obligation of the District to make Series 2026 Installment Payments is a special limited obligation of the District payable solely from Net Revenues of the District's Wastewater System, which consist of Revenues of the District's Wastewater System remaining after payment of Operation and Maintenance Costs. See the caption "SECURITY FOR THE BONDS."

The obligation of the District to make the Series 2026 Installment Payments under the Installment Purchase Agreement is absolute and unconditional, and until such time as all payments that are required thereunder have been paid in full (or provision for the payment thereof has been made as provided for in the Installment Purchase Agreement), the District will not discontinue or suspend any Series 2026 Installment Payments required to be made by it under the Installment Purchase Agreement when due, whether or not the Wastewater System or any part thereof is operating or operable, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and whether or not the Wastewater System Improvements have been completed, and such payments will not be subject to reduction whether by offset or otherwise and will not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

THE OBLIGATION OF THE DISTRICT TO MAKE SERIES 2026 INSTALLMENT PAYMENTS PURSUANT TO THE INSTALLMENT PURCHASE AGREEMENT DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE DISTRICT TO MAKE THE SERIES 2026 INSTALLMENT PAYMENTS IS A SPECIAL LIMITED OBLIGATION OF THE DISTRICT PAYABLE SOLELY FROM NET REVENUES AND DOES NOT CONSTITUTE A DEBT OF THE DISTRICT OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

No Reserve Fund. The Authority has not funded a debt service reserve fund in connection with the issuance of the Bonds.

Rate Covenant. To the fullest extent permitted by law, the District will fix and prescribe, at the commencement of each such Fiscal Year, rates and charges for the Wastewater Service which are reasonably expected, at the commencement of such Fiscal Year, to be at least sufficient to yield during such Fiscal Year Net Revenues equal to 125% of Debt Service for such Fiscal Year and any amounts needed to be transferred to any reserve accounts for Bonds and Contracts in order to increase such reserve accounts to their applicable reserve requirements in such Fiscal Year. See the caption "SECURITY FOR THE BONDS—Rate Covenant."

Additional Indebtedness. The Installment Purchase Agreement does not permit the District to make any additional pledge of, or to place any additional lien on, the Revenues, or any portion thereof, which is senior to the pledge and lien securing the payment of the Series 2026 Installment Payments. The Installment Purchase Agreement does permit the District to incur Parity Bonds and Contracts payable on a parity with the Series 2026 Installment Payments provided that certain conditions are satisfied as described herein. Nothing in the Installment Purchase Agreement precludes the District from entering into obligations which are Operation and Maintenance Costs and, therefore, payable from Revenues prior to the Series 2026 Installment Payments, or from issuing any bonds or executing any contracts the payments under which are payable from Net Revenues on a subordinate basis to the Series 2026 Installment Payments, Parity Bonds and Contracts of the District. See the caption "SECURITY FOR THE BONDS—Additional Parity Bonds and Contracts."

Redemption. The Bonds are subject to redemption prior to maturity. See the caption "THE BONDS—Redemption."

The District and Wastewater System. The District is a special district that was formed under the Sanitary District Act of 1923 (California Health and Safety Code, Section 6400 et. seq.) and was established on April 6, 1954. The District is located in Marin County, California (the "County"), and serves a population of more than 30,000 people. The District collects, treats and recycles wastewater within its jurisdictional boundaries, which includes a portion of the City of San Rafael, as well as a portion of the unincorporated County. See "THE DISTRICT."

The District operates and maintains a wastewater collection and treatment system. The wastewater collection system is comprised of approximately 105 miles of gravity sewer lines, 6.72 miles of force mains, and 28 pump stations. There are 2,985 manholes and approximately 52.5 miles of privately owned laterals. The District's sewage treatment plant has a permitted dry weather average capacity of 2.92 million gallons per day ("mgd").

The District also has a recycled water treatment facility and a water reclamation project on 385 acres of diked bay lands located to the northeast of the treatment plant. The project includes a 20-acre wildlife marsh pond, 40 acres of storage ponds, 200 acres of irrigated pasture, and 3.5 miles of public trails which are part of the San Francisco Bay Trail. In the fiscal year ending June 30, 2025, 20.92 million gallons were used for pasture irrigation of organic hay crops.

In 2017, the District reached an agreement with Marin Municipal Water District ("**MMWD**") to expand the District's recycled water treatment plant to provide tertiary treated wastewater which can then be distributed to MMWD's customers. MMWD decommissioned its existing plant, which was located on the District's property, to allow for the expansion of the District's recycled water treatment plant. As part of the agreement, MMWD made a capital contribution towards the expansion and makes certain payments towards outstanding debt which was issued to finance the expansion. The expansion began construction in December 2018 and the recycled water facility was completed in March 2021 with the treatment plant upgrade completed in 2024. The District's new expanded recycled water treatment facility, online since March 2021, has a design capacity of over 5 million gallons per day.

See the captions "THE DISTRICT" and "THE WASTEWATER SYSTEM OF THE DISTRICT" for further information about the District and the Wastewater System.

$28,500,000*
MARIN PUBLIC FINANCING AUTHORITY
(LAS GALLINAS VALLEY SANITARY DISTRICT)
WASTEWATER REVENUE BONDS, SERIES 2026A

INTRODUCTION

This Official Statement, including the front cover page, the inside front cover page and the appendices, provides certain information concerning the sale and delivery of the Marin Public Financing Authority (Las Gallinas Valley Sanitary District) Wastewater Revenue Bonds, Series 2026A (the "**Bonds**"). Descriptions and summaries of various documents that are set forth in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document. Capitalized terms that are used and not otherwise defined in this Official Statement have the meanings ascribed thereto in Appendix B.

The Bonds are being issued pursuant to an Indenture of Trust, dated as of February 1, 2026 (the "**Indenture**"), by and between the Marin Public Financing Authority (the "**Authority**") and U.S. Bank Trust Company, National Association, as successor trustee (the "**Trustee**"). The Bonds are limited obligations of the Authority payable solely from Authority Revenues, which consist of payments (the "**Series 2026 Installment Payments**") to be made by the Las Gallinas Valley Sanitary District (the "**District**") to the Authority pursuant to an Installment Purchase Agreement (the "**Installment Purchase Agreement**"), dated as of February 1, 2026, by and between the District and the Authority, and amounts on deposit in certain funds and accounts established by the Indenture.

The obligation of the District to make Series 2026 Installment Payments is a special limited obligation of the District payable solely from Net Revenues of the District's Wastewater System, which consist of Revenues of the District's Wastewater System remaining after payment of Operation and Maintenance Costs. See the caption "SECURITY FOR THE BONDS."

The obligation of the District to pay the Series 2026 Installment Payments is payable from Net Revenues on a parity with the following bonds and contracts (collectively, the "**Outstanding Parity Obligations**"): (i) payments under a State Revolving Fund Loan Contract entered into in May 2010, as amended (the "**SRF Loan**"), with the State Water Resources Control Board (the "**SWRCB**"); (ii) payments under the Bank of Marin loan (the "**Bank of Marin Loan**"), executed in 2011, with the Bank of Marin; (iii) payments under the 2017 Installment Sale Agreement, dated as of April 1, 2017 (the "**2017 Installment Purchase Agreement**"), with the Authority which secures payments on the Authority's (Las Gallinas Valley Sanitary District) 2017 Revenue Bonds (Marin County, California) (the "**2017 Bonds**"); and (iv) payments under a California Infrastructure and Economic Development Bank Loan (the "**iBank Loan**"), entered into in May 2019, with the California Infrastructure and Economic Development Bank.

Under certain conditions, the District may also issue additional bonds and enter into additional contracts the payments on which will be on a parity with its obligation to make the Series 2026 Installment Payments. See "SECURITY FOR THE BONDS—Additional Parity Bonds and Contracts."

Neither the full faith and credit nor any other revenues or funds of the District are pledged to or available for the payment of debt service on the Bonds. The obligation of the District to make payments of principal and interest on the Bonds does not constitute an obligation for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. The District has no taxing power. See the caption "SECURITY FOR THE BONDS."

* *Preliminary, subject to change.*

The Bonds are being issued to provide funds: (i) to finance certain capital improvements to the District's Wastewater System and (ii) to pay costs incurred in connection with the issuance of the Bonds.

The District regularly prepares a variety of reports, including audits, budgets and related documents. Any Bond Owner may obtain a copy of such report, as available, from the District. The District has also undertaken to provide annual reports to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("**EMMA**") pursuant to a continuing disclosure agreement. See the caption "CONTINUING DISCLOSURE" and Appendix E.

THE FINANCING PLAN

Wastewater System Improvements

A portion of the proceeds of the Bonds will be deposited in the Acquisition Fund to be used to pay for some or all of the cost of certain capital improvements to the District's Wastewater System, including, but not limited to: construction of a new multi-purpose lab building, certain capacity improvements to the District's John Duckett, Rafael Meadows and Civic Center pump stations, and a sewer undercrossing project. See the caption "THE WASTEWATER SYSTEM OF THE DISTRICT—Future Wastewater System Improvements."

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Bonds:

Sources	
Principal Amount of Bonds	$
[Plus] [Net] Original Issue [Premium]	
Total Sources	**$**
Uses	
Deposit to Acquisition Fund	$
Costs of Issuance[1]	
Total Uses	**$**

[1] Includes certain legal, municipal advisory, financing, rating agency, Trustee fees, Purchaser's discount and printing costs.

THE BONDS

General Provisions

The Bonds will be issued in the aggregate principal amount of $28,500,000*. The Bonds will bear interest from and be dated the date of initial issuance, and will be payable upon maturity on the dates set forth on the inside front cover page hereof. Interest on the Bonds will be payable on April 1 and October 1 of each year, commencing October 1, 2026. Interest will be calculated at the rates set forth on the inside front cover page hereof on the basis of a year of 360 days comprised of twelve 30 day months.

The Bonds will be delivered only in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"). DTC will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of $5,000 or any integral multiple thereof. See the caption "—Book-Entry Only System" and Appendix D.

** Preliminary, subject to change.*

In the event that the book-entry only system that is described below is discontinued, the principal of and interest on any Bond will be payable by check or draft of the Trustee upon presentation and surrender thereof at maturity or upon prior redemption at the Office of the Trustee in Los Angeles, California. Such principal and interest will be payable in lawful money of the United States of America.

Book-Entry Only System

One fully-registered Bond will be issued for each maturity of the Bonds in the principal amount of the Bonds of such maturity. Each such Bond will be registered in the name of Cede & Co. and will be deposited with DTC. As long as the ownership of the Bonds is registered in the name of Cede & Co., the term "**Owner**" as used in this Official Statement will refer to Cede & Co. and not to the actual purchasers of the Bonds (the "**Beneficial Owners**").

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Bonds will be printed and delivered and will be governed by the provisions of the Indenture with respect to payment of principal and interest and rights of exchange and transfer.

The Authority cannot and does not give any assurances that DTC participants or others will distribute payments with respect to the Bonds received by DTC or its nominee as the registered Owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will service and act in the manner described in this Official Statement. See Appendix D — "BOOK-ENTRY ONLY SYSTEM."

Transfers and Exchanges Upon Termination of Book-Entry Only System

In the event that the book-entry system that is described above is discontinued, the Bonds will be printed and delivered as provided in the Indenture. Thereafter, any Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond at the Office of the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. The Trustee is not required to register the transfer of any Bond during the period in which the Trustee is selecting Bonds for redemption and any Bond that has been selected for redemption.

Whenever any Bond is surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver a new Bond or Bonds of authorized denomination or denominations for a like series and aggregate principal amount of the same maturity. The Trustee will require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. Following any transfer of Bonds, the Trustee will cancel and destroy the Bonds that it has received.

Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of other authorized denominations of the same series and maturity. The Trustee is not required to exchange any Bond during the period in which the Trustee is selecting Bonds for redemption or any Bond that has been selected for redemption. The Trustee will require the Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. Following any exchange of Bonds, the Trustee will cancel and destroy the Bonds that it has received.

Redemption*

Optional Redemption. The Bonds with stated maturities on or before April 1, 2036, are not subject to redemption prior to their respective stated maturities. The Bonds with stated maturities on or after April 1, 2037, are subject to redemption prior to their respective stated maturities, as a whole or in part, as directed by the Authority in a request provided to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) and by lot within each maturity in integral multiples of $5,000, on April 1, 2036 or any date thereafter at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds with stated maturities on April 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on April 1, 20__ and each April 1 thereafter, in integral multiples of $5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

Redemption Date (April 1)	***Principal Amount***
	$
*	

* Maturity.

The Bonds with stated maturities on April 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on April 1, 20__ and each April 1 thereafter, in integral multiples of $5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

Redemption Date (April 1)	***Principal Amount***
	$
*	

* Final Maturity.

Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Authority will execute and the Trustee will 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 and of the same series, interest rate and maturity.

** Preliminary, subject to change.*

Selection of Bonds for Redemption

Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Trustee will select the Bonds for redemption as a whole or in part on any date as directed by the Authority and by lot within each maturity in integral multiples of $5,000 in accordance with the provisions set forth above under the caption "—Redemption." The Trustee will promptly notify the Authority in writing of the numbers of the Bonds or portions thereof so selected for redemption.

Notice of Redemption

Notice of redemption will be mailed by first class mail not less than 20 days or more than 60 days before any Redemption Date, to the respective Owners of any Bonds that are designated for redemption at their addresses appearing on the Registration Books, to the Securities Depositories and the Information Services. Each notice of redemption will state the date of notice, the redemption date, the place or places of redemption and the Redemption Price, and will designate the maturities, CUSIP numbers, if any, 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 will also state that on the redemption date there will become due and payable on each of said Bonds or parts thereof that are designated for redemption the Redemption Price thereof or of said specified portion of the principal thereof in the case of a Bond to be redeemed in part only, together with, interest accrued thereon to the redemption date, and that (provided that moneys for redemption have been deposited with the Trustee) from and after such redemption date interest thereon will cease to accrue, and will require that such Bonds be then surrendered to the Trustee. Neither the failure to receive such notice nor any defect in the notice or the mailing thereof will affect the validity of the redemption of any Bond. Notice of redemption of Bonds will be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

With respect to any notice of optional redemption of Bonds, such notice may state that such redemption will be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such Bonds to be redeemed and that, if such moneys have not been so received, said notice will be of no force and effect and the Trustee will not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made, and the Trustee will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Effect of Redemption

Notice of redemption having been duly given as described above under the caption "—Notice of Redemption," and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, 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 will become due and payable, interest on the Bonds so called for redemption will cease to accrue, said Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of said Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof. The Trustee will, upon surrender for payment of any of the Bonds to be redeemed on their Redemption Dates, pay such Bonds at the Redemption Price. All Bonds redeemed pursuant to the provisions of the Indenture will be canceled upon surrender thereof.

DEBT SERVICE SCHEDULE

Set forth below is a schedule of Series 2026 Installment Payments for each annual period ending on June 30 in the years indicated.

Period Ending June 30	***Principal***	***Interest***	***Total***
	$	$	$
TOTAL	$	$	$

Source: Underwriter.

SECURITY FOR THE BONDS

General

Each Bond is a special limited obligation of the Authority payable solely from Authority Revenues, which consist of Series 2026 Installment Payments to be made by the District under the Installment Purchase Agreement, and certain other funds and accounts established pursuant to the Indenture. NEITHER THE FULL FAITH AND CREDIT NOR ANY OTHER REVENUES OR FUNDS OF THE AUTHORITY ARE PLEDGED TO OR AVAILABLE FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS. THE OBLIGATION OF THE AUTHORITY TO MAKE PAYMENTS OF PRINCIPAL AND INTEREST ON THE BONDS DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE AUTHORITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE AUTHORITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

The Authority has assigned substantially all of its right, title and interest in the Installment Purchase Agreement to the Trustee pursuant to the Indenture, for the benefit of the Owners of the Bonds, including its right to receive Series 2026 Installment Payments and its rights as may be necessary to enforce payment of the Series 2026 Installment Payments when due.

Series 2026 Installment Payments Payable From Net Revenues

All of the Authority Revenues and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to the Indenture (except the Rebate Fund) have been irrevocably pledged to secure the payment of the principal of and interest, and the premium, if any, on the Bonds in accordance with their terms and the provisions of the Indenture. Such pledge constitutes a lien on and security interest in such amounts and will attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act and will be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice hereof.

The obligation of the District to make the Series 2026 Installment Payments is payable solely from Net Revenues of the District's Wastewater System, which consist of Revenues of District's Wastewater System remaining after the payment of Operation and Maintenance Costs. All Revenues (as such term is defined in Appendix B under the caption "INSTALLMENT PURCHASE AGREEMENT—Definitions") of the District's Wastewater System and all amounts on deposit in the Revenue Fund have been irrevocably pledged to the payment of the Series 2026 Installment Payments as provided in the Installment Purchase Agreement. The Revenues will not be used for any other purpose while any of the Series 2026 Installment Payments remain unpaid; provided that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted in the Installment Purchase Agreement, including but not limited to the payment of Operation and Maintenance Costs of the Wastewater System. Such pledge, together with the pledge created by all other Bonds and Contracts (as such terms are defined in Appendix B under the caption "INSTALLMENT PURCHASE AGREEMENT—Definitions" and referred to in the forepart of this Official Statement as "**Parity Bonds and Contracts**" or "**Parity Bonds or Contracts**," as applicable), which include the Outstanding Parity Obligations and constitutes a first lien on Revenues and, subject to application of Revenues and all amounts on deposit in the Revenue Fund as permitted in the Installment Purchase Agreement, the Revenue Fund and other funds and accounts created thereunder for the payment of the Series 2026 Installment Payments, and all other Parity Bonds and Contracts in accordance with the terms thereof and of the Indenture.

Notwithstanding anything contained in the Installment Purchase Agreement, the District is not required to advance any moneys derived from any source of income other than the Revenues and the Revenue Fund for the payment of amounts due under the Installment Purchase Agreement or for the performance of any agreements or covenants that are required to be performed by it contained therein. The District may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

THE OBLIGATION OF THE DISTRICT TO MAKE SERIES 2026 INSTALLMENT PAYMENTS PURSUANT TO THE INSTALLMENT PURCHASE AGREEMENT DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE DISTRICT TO MAKE THE SERIES 2026 INSTALLMENT PAYMENTS IS A SPECIAL LIMITED OBLIGATION OF THE DISTRICT PAYABLE SOLELY FROM NET REVENUES OF THE DISTRICT'S WASTEWATER SYSTEM AND DOES NOT CONSTITUTE A DEBT OF THE DISTRICT OR OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Rate Covenant

Covenant Regarding Net Revenues. To the fullest extent permitted by law, the District will fix and prescribe, at the commencement of each such Fiscal Year, rates and charges for the Wastewater Service which are reasonably expected, at the commencement of such Fiscal Year, to be at least sufficient to yield during such Fiscal Year Net Revenues equal to 125% of Debt Service for such Fiscal Year plus any amounts needed to replenish any reserve accounts held in connection with Parity Bonds or Contracts.

Covenant Regarding Revenues. To the fullest extent permitted by law, the District will fix and prescribe, at the commencement of each such Fiscal Year, rates and charges for the Wastewater Service which are reasonably expected, at the commencement of such Fiscal Year, to be at least sufficient to yield during such Fiscal Year, Revenues sufficient to pay the following amounts in the following order of priority:

(i) All Operating and Maintenance Costs estimated by the District to become due and payable in such Fiscal Year;

(ii) All Debt Service due in such Fiscal Year;

(iii) All amounts needed to replenish any reserve accounts held in connection with Parity Bonds or Contracts; and

(iv) All payments required to meet any other obligations of the District which are charges, liens, encumbrances upon, or which are otherwise payable from, the Revenues or the Net Revenues during such Fiscal Year, except to the extent other sources of funds are reserved or encumbered therefore.

General. The District may make, or permit to be made, adjustments from time to time in such rates, fees and charges and may make, or permit to be made, such classification thereof as it deems necessary, but may not reduce or permit to be reduced such rates, fees and charges below those then in effect, unless the Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the foregoing requirements.

So long as the District has complied with its obligations set forth above, the failure of Net Revenues or Revenues, as applicable, to meet the thresholds set forth in such paragraphs, as applicable, does not constitute a default or an Event of Default under the Installment Purchase Agreement or the Indenture.

No Reserve Fund

The Authority has not funded a debt service reserve fund in connection with the issuance of the Bonds.

Additional Parity Bonds and Contracts

The District may at any time issue or execute any Parity Bonds or Contracts, as the case may be, payable from Net Revenues on a parity with the Series 2026 Installment Payments and secured by a pledge of and lien on Revenues as described in the Installment Purchase Agreement, provided that:

(a) No Event of Default has occurred under the Installment Purchase Agreement and is continuing, nor in connection with any other existing Parity Bonds or Contracts; and

(b) The amount of Net Revenues, excluding connection fees and transfers from the Rate Stabilization Fund, as shown by the books of the District for the most recent completed Fiscal Year for which audited financial statements of the District are available or for any more recent consecutive 12-month period selected by the District, in either case verified by an Independent Certified Public Accountant or an Independent Financial Consultant or shown in the audited financial statements of the District, plus at the option of the District any Additional Revenues (as such term is defined in Appendix B under the caption "INSTALLMENT PURCHASE AGREEMENT—Definitions"), are at least equal to 125% of the amount of maximum annual Debt Service coming due and payable in the current or any future Bond Year with respect to all Parity Bonds and Contracts then outstanding (including the Parity Bonds then proposed to be issued or the Contract then proposed to be executed).

Notwithstanding the foregoing, Parity Bonds or Contracts issued or executed to refund Parity Bonds or Contracts may be delivered without satisfying the conditions set forth above if Debt Service in each Fiscal Year after the Fiscal Year in which such Parity Bonds or Contracts are issued or executed, as applicable, is not greater than Debt Service would have been in each such Fiscal Year prior to the issuance or execution of such Parity Bonds or Contracts.

In addition, at any time, the District may enter into Bonds and Contracts that are either unsecured or which are secured by Net Revenues on a basis that is junior and subordinate to the pledge of and lien upon the Net Revenues established under the Installment Purchase Agreement for the Bonds.

Rate Stabilization Fund

The District has previously established a special fund designated as the "Rate Stabilization Fund," and such fund will continue to be held by the District in trust under the Installment Purchase Agreement. The District has agreed and covenanted to maintain and to hold such fund separate and apart from other funds so long as any Parity Bonds or Contracts remain unpaid. Money transferred by the District from the Revenue Fund to the Rate Stabilization Fund in accordance with the Installment Purchase Agreement will be held in the Rate Stabilization Fund and applied in accordance with the Installment Purchase Agreement.

The District may withdraw all or any portion of the amounts on deposit in the Rate Stabilization Fund and transfer such amounts to the Revenue Fund for application in accordance with the Installment Purchase Agreement or, in the event that all or a portion of the Series 2026 Installment Payments are discharged in accordance with the Installment Purchase Agreement, transfer all or any portion of such amounts for application in accordance with the Installment Purchase Agreement. Any such amounts transferred from the Rate Stabilization Fund to the Revenue Fund in accordance with the Installment Purchase Agreement constitute pledged Revenues.

THE DISTRICT

General

The District is a special district that was formed under the Sanitary District Act of 1923 (California Health and Safety Code, Section 6400 *et. seq*.). It was established in April 1954. The District provides wastewater collection, treatment and recycling services to approximately 30,000 people in the northern San Rafael area of Marin County, California.

The District is located in the northeast portion of the County and north of the City of San Francisco. The District serves an area of approximately 16 square miles in the northern part of the City of San Rafael and surrounding unincorporated areas in the County, including the communities of Lucas Valley, Marinwood, Santa Venetia and Terra Linda (the "Service Area"). The District's boundaries are marked by Hamilton Field (a former air force base) to the north, San Pablo Bay to the east, and central San Rafael to the south. The District is primarily residential and built out. As of July 1, 2025, the District was comprised of 96.5% residential parcels (9,341) and 3.5% commercial/industrial parcels (342); however the revenue generated was approximately 79% from residential users and 21% from commercial/industrial users. For certain background and demographic information regarding the region in and around the District's service area, see

"APPENDIX F — GENERAL INFORMATION ABOUT THE CITY OF SAN RAFAEL AND THE COUNTY OF MARIN."

District Governance and Management

Board of Directors. The District is governed by an elected five-member Board of Directors (the "District Board"), and the District's operations are approved by the District Board.

District elections are held in November on even-numbered years. Elections are consolidated with the Marin County Uniform District Election. Each District Board member is elected at large, for a four-year term. Terms are staggered, with two terms expiring one year, and three terms expiring two years later. Candidates for the District Board must be registered voters and must reside within the boundaries of the District. The District Board routinely meets on the second and fourth Thursday of every month.

The current members of the District Board, the expiration dates of their terms of office and brief biographies are set forth below.

Board Member	***Expiration of Term***
Crystal J. Yezman, *President*	2028
Nicholas Lavrov , *Vice President*	2026
Megan Clark, *Director*	2026
Gary E. Robards, *Director*	2026
Craig K. Murray, *Director*	2028

Crystal J. Yezman. Ms. Yezman was first appointed to the District Board in 2018 and last re-elected in 2022. Ms. Yezman graduated from U.C. Berkeley with a Bachelor's Degree in Environmental Science and Master's Degree in Civil and Environmental Engineering specializing in wastewater design. Ms. Yezman has worked for over 20 years in managing water and wastewater utilities for San Francisco Public Utilities Commission, Santa Clara Valley Water District, Portland Oregon Water Bureau, MMWD, and now East Bay Municipal Utility District.

Nicholas Lavrov. Mr. Lavrov was first elected to the District Board in 2024. Mr. Lavrov has a degree in Economics from U.C. Berkeley. He has over 26 years of specialist and management experience in water, wastewater, emergency response, natural resources management and environmental protection for the US National Park Service - Golden Gate National Recreation Area, San Francisco Public Utilities Commission, US Bureau of Reclamation, US Army Corps of Engineers, US Bureau of Land Management, and US Federal Emergency Management Agency.

Gary E. Robards. Mr. Robards was first elected to the District Board in 2023 and last re-elected in 2024. Mr. Robards is a graduate of the U.C. Berkeley with a Bachelor's Degree in Environmental Studies and Master's Degree in Civil and Environmental Engineering specializing in wastewater design. Mr. Robards worked as a Civil Engineer for 38 years at Nute Engineering until his retirement in 2018. Mr. Robards is the Vice-President of the Santa Venetia Neighborhood Association and is member of the Santa Venetia Community Plan Advisory Group. Mr. Robards has been a resident of Santa Venetia for 32 years.

Megan Clark. Ms. Clark was first elected to the District Board in 2001 and was last re-elected in 2022. Ms. Clark graduated from the College of Marin with a degree in Computer Programming, and also attended The Wharton School of Finance at the University of Pennsylvania. Ms. Clark worked as a computer programmer for the City and County of San Francisco and the County. While working for the County, she joined M.A.P.E. as a member of the union's executive board and worked as a Democratic precinct captain. Ms. Clark spearheads the planning for climate change and sea level rise and their impacts on the District's facilities located on the edge of San Pablo Bay.

Craig K. Murray. Mr. Murray was appointed to the District Board in 2007 and was last re-elected in 2024. Mr. Murray grew up in the County and attended the College of Marin. Mr. Murray has an undergraduate degree from U.C. Berkeley and a Masters in Public Policy and Administration from California State University - Long Beach. Mr. Murray currently works as a Development Project Manager in the Engineering Department for the City of Richmond, and serves the County as an elected Special District Commissioner on the County's local area formation commission.

Management. The General Manager, who is appointed by the District Board, oversees the District's staff and reports directly to the District Board. Brief biographies of staff responsible for management of the District are provided below:

Curtis Paxton, P.E., General Manager. Mr. Paxton was appointed General Manager of the District in August 2022. Mr. Paxton has nearly 40 years of experience in the water/wastewater field and has over 25 years of experience as a General Manager or Assistant General Manager for public water and wastewater agencies. Mr. Paxton is a Registered Professional Civil Engineer in the State of California, and holds a Grade V Wastewater Treatment Operator License. Mr. Paxton received a Bachelor's of Science degree in Civil Engineering from Cal Poly Pomona and a Master's of Business Administration from the University of La Verne.

Don Moore, Plant Manager. Mr. Moore serves as Plant Manager for the District and has been an employee of the District since 2021. Prior to working for the District, Mr. Moore has held positions as Wastewater System Supervisor and later promoted to Utility Operations Manager with the Town of Yountville. Mr. Moore's core responsibilities as Plant Manager are to ensure that the District's wastewater treatment plant complies with all State and Federal Regulatory requirements for wastewater effluent discharge, recycled water production and atmospheric emissions. Mr. Moore holds a Bachelor's of Arts Degree in Liberal Studies from Sonoma State University.

Dale McDonald, Administrative Services Manager. Mr. McDonald has served as the Administrative Services Manager at the District since 2020. Prior to working at the District, Mr. McDonald had 11 years of experience in local government, with 10 of those years serving as General Manager and Chief Financial Officer of the Crockett Community Services District where he managed all administration and financial operations. Prior to public service, Mr. McDonald worked 19 years at a private company that provided proprietary insurance accounting software solutions. Mr. McDonald has a Bachelor's degree in Film from San Francisco State University. During his tenure at the District, Mr. McDonald managed and participated in all activities related to the District's finance and accounting programs including budget preparation, annual audits, sewer rate setting, and required financial reporting.

Greg Pease, Collection System/Safety Manager. Mr. Pease first started working for the District in 2004 as a Collection System Operator and is currently serving as Collection System/Safety Manager for the District. Mr. Pease attended Sonoma State University, where he received a Bachelor's degree in Environmental Studies. Shortly after graduating, Mr. Pease served as a Collection System Operator and was promoted to the position of Lead Collection System Operator, during his approximately three years of service. In 2007, Mr. Pease accepted a job with Central Marin Sanitation Agency as a Source Control Inspector where he was twice awarded the California Water Environment Association Person of the Year award (2008/2010) during his 7 years of service. In October of 2014, Mr. Pease returned to the District in his current position as Collection System/Maintenance/Safety Manager and holds a CWEA Collection System Operator IV Certification.

Wastewater Facilities

The District operates and maintains the wastewater system, and provides the following services to its Service Area:

Sewage Collection. The District operates a sanitary sewer collection system comprised of approximately 105 miles of gravity sewer lines, 6.72 miles of force mains, and 28 pump stations. There are 2,985 manholes and approximately 52.5 miles of privately owned laterals.

Sewage Treatment. The District operates a sewage treatment plant with a permitted dry weather average capacity of 2.92 mgd. The District treated an average daily flow of 2.64 mgd of sewage per day in 2025. All influent flow is treated. Some flows are "treated" to higher levels (recycled water) and some to lower levels (blending during storm events).

The District's treatment plant uses bar screens, aerated chambers, primary clarification trickling filters and deep bed filters to provide treatment. Treated effluent is disposed of through discharge pipes into Miller Creek which flows to San Pablo Bay during the discharge season of November through May. The discharge coincides with wet weather, when treated effluent can be diluted by higher levels of bay water due to rain.

All readily settable solids, screenings and grit are removed from the wastewater stream, and screenings and grit is then disposed of in a landfill. The solids are treated by gravity thickening and anaerobic digestion, and then pumped to one or more of three storage ponds, where they are typically retained for one year prior to surface disposal. The treatment plant produced approximately 2.0 Million Gallons of Class B in 2025.

Reuse of Treated Wastewater and MMWD Agreement. The District has a recycled water treatment facility and a water reclamation project on 385 acres of diked bay lands located to the northeast of the treatment plant. The project includes a 20-acre wildlife marsh pond, 40 acres of storage ponds, 200 acres of irrigated pasture, and 3.5 miles of public trails which are part of the San Francisco Bay Trail. In Fiscal Year 2024-25, 20.92 million gallons were used for pasture irrigation of organic hay crops.

In 2017, the District reached an agreement with MMWD to expand the District's recycled water treatment plant to provide tertiary treated wastewater which can then be distributed to MMWD's customers. MMWD decommissioned its existing plant, which was located on the District's property, to allow for the expansion of the District's recycled water treatment plant. As part of the agreement, MMWD made a capital contribution towards the expansion and makes certain payments towards outstanding debt which was issued to finance the expansion. The expansion began construction in December 2018 and the recycled water facility was completed in March 2021 with the treatment plant upgrade completed in 2024.

The District's new expanded recycled water treatment facility, online since March 2021, has a design capacity of over 5 million gallons per day. The completed expansion effectively quadrupled its capacity. The recycled water delivery from the expanded facility is now being provided to MMWD and the North Marin Water District ("**NMWD**"), who then sell it for use in landscape irrigation, car washes, cooling towers, commercial laundries, and toilet flushing. The District produced 354.3 million total gallons in Fiscal Year 2024-25, with 234.3 million gallons for MMWD, 65.1 million gallons for NMWD and 54.9 million gallons for the District for operations in-lieu of potable water. The District entered into contract with NMWD in 2011 to provide recycled water to NWMD. Under the contract, the District agreed to annually produce at least 220 acre feet of recycled water for NMWD for 20 years. A Second Revised Inter-Agency agreement with NMWD was entered into on June 30, 2022, extending the term 30 years to 2052, with one year automatic extension renewals at expiration, and with recycled water delivery maximum capacity set at 0.7 million gallons per day.

Both MMWD and NMWD reimburse the District for the District's operating and maintenance costs associated with producing the recycled water. For the 299.4 million gallons that the District produced and delivered to MMWD and NMWD in Fiscal Year 2024-25, it recovered $222,493 in Operating and Maintenance Costs.

Lab. The District operates its own lab which collects samples, completes analysis, and performs other testing to comply with the plant discharge permit issued by the SWRCB. The Central Marin Sanitation

Agency ("**CMSA**") and lab staff manage the District's source control program. This includes a Fats Oils and Grease ("**FOG**") Program that is designed to prevent customers from discharging substances that are harmful to the sewage treatment process or that may cause clogs to sewer mains and pump stations. Lab staff members participate in the Marin County Sanitation Agencies Public Education Program. This program allows participating agencies to combine resources and have a unified message to educate the public about the proper disposal of and to collect pharmaceuticals, mercury, batteries and other household hazardous waste in the County.

For additional information on the condition of the District's wastewater facilities, see "THE DISTRICT — Future Capital Improvements."

Solid Waste (Garbage) Services and Recycling.

The District manages the refuse hauling service for the unincorporated areas in the District. The franchise was awarded to Marin Sanitary Service which provides curbside recycling, solid waste, yard waste and food scraps hauling, and safe hazardous waste disposal services that are helping achieve the County's goal of zero waste. The District's revenues from its solid waste services and recycling activities are not part of Net Revenues and are not pledged to pay debt service on the Bonds.

Customer Base

The District's Service Area is comprised primarily of residential units with commercial and some light industrial areas. The Service Area is substantially built out with in-fill developments in pockets of undeveloped land and redevelopment of commercial areas that were built over twenty five years ago. In previous years, development has consisted of decentralized development rather than new greenfield development. In 2023, the County of Marin adopted it's 2023-2031 Housing Element plan with a goal of adding 3,569 new housing units in unincorporated Marin. In 2024 and 2025, larger projects along with proposed site conversion project applications, have been submitted to the District resulting in an anticipated increase in connection fee revenue collected to reserve system capacity. The customer base is anticipated to grow as multi-family affordable housing complexes are developed and connected to the collection system. Commercial sewer service charge revenue would decrease and be offset by rising residential sewer service charge revenue as land use is changed.

Summary of Sewer Customers by Class.

Residential. The District charges residential rates which are designed to cover the actual cost of service. Each residential unit is charged the basic flat rate. This applies to single-family homes or similar residential units such as condominiums and mobile homes. Multi-family residential units such as apartments are charged 90% of the single family rate. See "—Wastewater Rates and Charges."

Non-Residential. Non-residential rates are structured individually for each type of non-residential use and are calculated based on estimated sewer strengths. To determine an estimated cost to collect and treat wastewater from a non-residential customer, the District calculates the cost based on water usage and a strength factor, which is an average cost to treat wastewater from a particular type of non-residential customer. Thus, a low water user would pay less than a high water user in the same category of non-residential customers with the same strength factor. And, for two non-residential customers with the same water use, the one with the higher strength factor would pay more.

For calculating the non-residential rate, the District obtains an average of winter and summer water usage for each non-residential customer from the MMWD. The District excludes water used solely for irrigation and recycled water that does not enter the District's sewer system, i.e., water not used for toilet flushing, laundry, commercial car washes, etc., in its calculation. The average water usage is then converted into sanitary units. Each 16 hundred cubic feet (11,968 gallons) of water is equal to one sanitary unit.

A strength factor is applied to each non-residential customer based on the type of use. Users such as office buildings, retail, churches, halls, public agencies, laundromats, service stations, medical offices, barber and beauty shops, car washes, convalescent hospitals, hospitals and the like are considered domestic strength users and are given a strength factor of 1.0. Elevated strength users include hotels with restaurants, commercial laundry, and mixes use parcels have a strength factor of 1.82. High strength users, such as restaurants/cafes, bakeries, mortuaries, and markets with disposals, have a strength factors of 2.7. The strength factor is not applied to residences or schools.

The non-residential rate is determined by multiplying the number of sanitary units by the strength factor, and by the basic residential rate.

Table 1 below shows, for the District's Service Area, the historical number of sewer customers by class for the past five fiscal years.

TABLE 1
SUMMARY OF SEWER CUSTOMERS BY CLASS
FISCAL YEARS 2020-21 THROUGH 2024-25

Customer classification	*2020-21*	*2021-22*	*2022-23*	*2023-24*	*2024-25*	*2024-25 % of Total*
Residential						
Single-family	9,336	9,333	9,330	9,324	9,321	60.83%
Multi-family	3,121	3,115	3,161	3,161	3,188	20.81
Subtotal	12,457	12,448	12,491	12,485	12,509	81.64
Non-residential(1)	3,694	2,931	3,170	3,147	2,814	18.36
Total	16,151	15,379	15,661	15,632	15,323	100.00%

(1) Non-Residential customer class count based on Equivalent Sanitary Units which fluctuate based on prior year water use.
Source: Las Gallinas Valley Sanitary District.

Historical Revenues. Table 2 below shows wastewater billings by type of customer for active wastewater accounts of the District for the past five fiscal years.

TABLE 2
BILLINGS BY CUSTOMER CLASS
FISCAL YEARS 2020-21 THROUGH 2024-25

Customer classification	*2020-21*	*2021-22*	*2022-23*	*2023-24*	*2024-25*	*2024-25 % of Total*
Residential(1)						
Single-family	$ 8,768,999	$ 9,401,482	$10,127,557	$11,142,094	$12,471,671	60.83%
Multi-family	2,931,453	3,137,857	3,431,212	3,777,366	4,265,603	20.81
Subtotal	11,700,453	12,539,339	13,558,770	14,919,459	16,737,274	81.64
Non-residential(1)	3,469,653	2,952,507	3,440,981	3,760,636	3,765,184	18.36
Total	$15,170,106	$15,491,846	$16,999,751	$18,680,095	$20,502,458	100.00%

(1) The majority of the District's revenue is collected by the County assessor via the property tax roll for the specified fiscal years. The District ordinance allows for direct bill of sewer service charges for customers that cannot be billed and collected via the property tax roll.
Source: Las Gallinas Valley Sanitary District.

Largest Users. The following table shows the largest users of the District based on billings for fiscal year 2024-25.

TABLE 3
LARGEST USERS
FISCAL YEAR 2024-25

Customer	***Type of Property***	***Fiscal Year 2024-25 Billings***[(1)]	***Percent of Total Wastewater Billings***
Contempo Marin	MH Community	$ 564,638	2.75%
Marin Valley MHP	MH Community	427,140	2.08
County of Marin	Government Entity	384,562	1.88
View at Marin	Apartments	309,880	1.51
Embassy Suites	Hotel	281,729	1.37
Northgate Mall	Shopping Center	210,437	1.03
Deer Valley Apartments	Apartments	208,620	1.02
San Rafael Manor	Apartments	195,200	0.95
Kaiser Permanente	Hospital	185,636	0.91
St. Vincent's School	Private School	146,041	0.71
Total 10 Largest Customers		**$ 2,913,883**	**14.21%**
Total Sewer User Charges		**$ 20,502,429**	

(1) Represents the amounts transmitted to the County assessor for collection on the fiscal year 2024-25 property tax roll. All rates and charges are collected on the tax roll. See "THE DISTRICT — Billing Practices and Collection" below.
Source: Las Gallinas Valley Sanitary District.

Wastewater Rates and Charges

General. The District transmits its rates and the majority of its charges for the wastewater system to the County Tax Collector for inclusion on the County property tax roll. See "—Billing Practices and Collection" below.

The principal consideration in designing rate schedules is to assure that the revenues of the District cover total system expenditures and allow for a surplus that is used for capital improvements.

Any increase in the District's wastewater rates is subject to both a (i) noticed public hearing under Proposition 218, at which a majority of written protests could disapprove of the proposed changes, and (ii) requirement, under section 6520.5 of the Health and Safety Code, that the District Board approve any rate increase by a two-thirds vote (requiring the affirmative votes of four of the District Board's five members).

Historical and Adopted Future Wastewater Rates. The District is responsible for charging its customers fair rates that cover its cost of service. The table below shows the rates approved by the District Board pursuant to Ordinance No. 192 for fiscal years 2023-24 through 2026-27. Following fiscal year 2026-27, the District may continue charging the same rates, or adjust them subject to Proposition 218 procedures.

APPROVED ANNUAL SERVICE CHARGE
FISCAL YEARS 2023-24 THROUGH 2026-27

Fiscal Year	*Annual Sewer Service Charge*
2023-24	$1,233
2024-25	1,356
2025-26	1,492
2026-27	1,641

Source: Las Gallinas Valley Sanitary District.

Comparative Wastewater Service Charges. The following table shows the District's annual sewer service charges per equivalent dwelling unit ("**EDU**") as compared with annual charges per EDU for surrounding communities.

TABLE 4
COMPARATIVE ANNUAL WASTEWATER CHARGES PER EDU
FISCAL YEAR 2025-26

Agency	*Annual Sewer Charge Per EDU*
Sanitary District No. 5 - Belvedere	$2,237
Ross Valley Sanitary District (Larkspur)	1,844
Sanitary District No. 5 - Tiburon	1,728
Tamalpais Community Services District	1,608
Las Gallinas Valley Sanitary District	**1,492**
Ross Valley Sanitary District (Ross Valley)	1,288
Sausalito Marin City Sanitary District (1)	1,053
Town of Corte Madera (2)	906
Richardson Bay Sanitary District (2)	828
Novato Sanitary District	729

(1) Does not include fees charged by the City of Sausalito for maintenance and repair of the wastewater collection system, which is $757 for residential homes in fiscal year 2025-26.
(2) Agencies receive larger tax subsidies which allow for a lower sewer charge per EDU.
Source: Las Gallinas Valley Sanitary District.

Capital Facilities Charge. The District charges capital facilities charges for connecting to its sewer system, which are one-time fees paid by developers or builders of new houses or buildings. These fees represent new users' fair share of the capital costs which have been incurred to build out the Wastewater System. The District charges capital facilities charges to developers and builders to reserve system capacity. Right for capacity is secured once the entire connection fee is paid in full. Capital facilities charges have not been a source of operating revenues for the District and are restricted for capital purposes. See "Historical Operating Results" herein.

Ad Valorem Tax Revenues

In fiscal year 2024-25, the District received approximately $1.9 million in ad valorem tax revenue. The *ad valorem* tax revenue represents a portion of the 1% *ad valorem* property taxes assessed and collected by the County in the District's Service Area. See "—Historical Operating Results" below for historical information on the District's *ad valorem* tax revenues.

Pursuant to Article XIIIA of the California Constitution, the County levies a 1% *ad valorem* property tax on behalf of all taxing agencies in the County and, in addition, the *ad valorem* property tax for payment of the general obligation bonds of school districts and other governmental entities in the County. The proceeds of the 1% *ad valorem* property taxes are apportioned on the basis of a formula established by State law. The assessed valuation of property is established by the County Assessor, except for public utility property, which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full cash value of the property, defined as the County Assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed the lesser of 2% per year or the change in the consumer price index, or a reduction in the consumer price index or comparable local data for the area or may be reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn. The full cash value may also be adjusted due to change of ownership or new construction. The County Assessor may also temporarily reduce assessed values of property within the County pursuant to Proposition 8, a voter-approved Constitutional amendment adopted in November 1978, pursuant to which property owners are entitled to the lower of the fair market value of their property as of January 1 or the assessed value as determined at the time of purchase or construction, and increased by no more than 2% annually. See "BOND OWNERS' RISKS — Risk of *Ad Valorem* Property Tax Diversion" herein.

Billing Practices and Collection

Billing Procedures. Each year the District transmits its sewer service charges to the County Treasurer-Tax Collector for collection on the County property tax roll. The property tax billings are due in two equal installments on December 10 and April 10. The District generally receives the first and second installments from the County in December and April, respectively, with final reconciliation payments in June and July. The District also directly bills certain customers who have tax exempt properties such as schools and government entities. The District has the ability to lien properties for delinquent charges. At this time there are no liens for delinquent or current charges.

Delinquent Charges. The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each taxing entity receives 100% of the taxes and assessments levied, without regard to delinquencies.

The District's wastewater rates and charges are currently covered under the County's Teeter Plan. However, there can be no assurance that the County will not choose to discontinue the Teeter Plan in the future, or modify its Teeter Plan to exclude or limit the coverage for sanitary districts, or choose to remove the District from its Teeter Plan coverage. To the best knowledge of the District, as of the date of this Official Statement, no such discontinuation or removal is under consideration.

No Information Regarding Delinquencies. As a result of the District's enrollment in the County's Teeter Plan, no information is available from the County regarding actual delinquency rates. All enforcement and collection is handled by the County.

Outstanding District Obligations

Existing Parity Debt of the District. The Bonds will be secured by Net Revenues on a parity with the Outstanding Parity Obligations. Aside from the Outstanding Parity Obligations, the District will have no other outstanding obligations that constitute Parity Bonds and Contracts as of the date of issuance of the Bonds. See "SECURITY FOR THE BONDS — Additional Parity Bonds and Contracts."

Existing Subordinate Debt or Unsecured Debt of the District. On August 19, 2025, the District entered into an Equipment Lease/Purchase Agreement (the "2025 Equipment Lease") with Banc of America Public Capital Corp, which 2025 Equipment Lease is an unsecured obligation of the District. The principal amount owed under the 2025 Equipment Lease totals $6,100,000, with annual installments of $741,655, inclusive of interest, through September 1, 2035, when the 2025 Equipment Lease terminates, unless prepaid on an earlier date. The Bonds will be secured by Net Revenues on a basis that is senior to the payments owed under the 2025 Equipment Lease. The District may enter into Bonds and Contracts in the future on a basis that is junior to the Bonds. See "SECURITY FOR THE BONDS — Additional Parity Bonds and Contracts."

Future Capital Improvements

The District prepares and adopts a 5-Year Capital Improvement Program ("**CIP**") as part of the rate setting process that identifies and sets priorities for all major capital assets to be acquired, constructed, or replaced by the District. The CIP is included in the budget and updated at least annually as part of the budget process. The District's current five-year CIP was included in the District's adopted budget. The Board of Directors retains exclusive authority to increase the annual budget authority for capital expenditures. The CIP can be revised under the authority of the General Manager if it does not exceed the budget authority. In no case may total capital expenditures exceed that which is appropriated by the Board without a budget amendment duly approved by the Board. The CIP identifies $84 million of needed sewer infrastructure improvements through Fiscal Year 2029-30, including a portion of the proceeds of the Bonds. A number of the projects in the CIP are discretionary and contingent upon the District's ability to continue increasing wastewater rates through the Proposition 218 process.

The District's CIP groups planning & engineering, fleet & equipment, collection system & pump stations, reclamation, and treatment plant projects. In addition to the currently ongoing multipurpose laboratory building and planned pump station projects at John Duckett, Rafael Meadows, and Civic Center, key general improvement projects over the next few years, together with their expected costs and funding source(s), are listed below:

- **Sewer Main Collection System Rehabilitation and Inflow & Infiltration Reduction Program**: The bi-annual sewer main rehabilitation program is a targeted capital improvement initiative designed to extend the useful life of critical wastewater infrastructure, reduce inflow and infiltration, and mitigate long-term operational and financial risks. The next round of the program is set to go out to bid in the spring of 2026. The program targets rehabilitation of over 5,000 feet of aging sewer mains, lining of manholes, and replacing lower laterals and rodding inlets, reducing groundwater intrusion, preventing sanitary sewer overflows, and enhancing system reliability which directly lowers treatment costs associated with excess wet-weather flows. The 2026 program is expected to cost $3.1 million and be funded from the general unrestricted fund over the next two fiscal years.

- **Corporation Yard:** The project includes developing a new pre-engineered maintenance and shop building, storage areas for fleet and equipment, fueling and wash stations, and associated utilities and access improvements. This upgrade will replace outdated and undersized facilities from the 1980s, improve operational efficiency, and enhance safety and environmental compliance. Design costs of $815,000 for the corporation yard and a wildlife pond overflow parking lot have been contracted for. However, due to construction costs exceeding original engineering estimates, the construction aspect of the project has been pushed back to 2027 and the scope of work will be revised to only be for a corporation yard. The expected cost is between $7.5 million and $12 million depending on the location chosen. The project will be funded by Capital Reserves and from the general unrestricted fund.

- **Digester Replacement and Solids Improvement Design & Construction:** The project will modernize a key process unit within the wastewater treatment plant by replacing an aging concrete digester tank and cover that, while currently in fair condition, no longer meets long-term reliability and performance needs. The project is expected to deliver a new, structurally robust concrete digester and associated solids-handling improvements to enhance process stability, reduce maintenance risk, and support regulatory compliance. Design costs of $1.3 million are expected in Fiscal Year 2029-30 with construction projected over the following two fiscal years. The project is a candidate for Clean Water State Revolving Fund (SRF) loans, although no assurances can be provided that such loans will be applied for and/or entered into.

See "—Projected Operating Results and Debt Service Coverage" below for additional information.

The District's CIP is subject to change based on future rate increases, funding availability, and District staff capacity, and the project costs and timing of projects are likely to be revised from time to time.

Investments

The District's money is currently held in the investments shown in the following table. The District makes its investments in accordance with the California Government Code, and the District's investment policy adopted in July 2022. For information regarding the District's investments as of June 30, 2025, see Note (2) of the District's audited financial statements, which are attached as APPENDIX A.

Investment Type	***Fair Value at June 30, 2025***
Cash in bank and on hand:	
Bank of Marin	$ 4,851,093
Petty cash	89
Investments:	
Certificates of Deposit restricted for debt service	$ 918,105
Local Agency Investment Fund	909,432
California Cooperative Liquid Assets Security System	527,914
California Asset Management Program	19,627,949
iBank Loan Reserve Fund:	$ 567,760
Funds held in connection with the 2017 Bonds:	$ 144[(1)]
Total:	$ 27,402,486

(1) Excludes amounts held in the Reserve Fund for the 2017 Bonds.
Source: Las Gallinas Valley Sanitary District.

Insurance

The District is exposed to risks of loss from property, liability, and workers' compensation. The District mitigates risk by participating in risk sharing and insurance purchasing pools through membership in the California Sanitation Risk Management Authority. Risk sharing pools provide general liability and workers' compensation coverage. The pools operate to share risk among the members of the pool up to a limit of $15,750,000 and $1,000,000 for general liability and workers' compensation, respectively.

See Note (14) of the District's audited financial statements, which are attached as APPENDIX A to this Official Statement.

Financial Statements

A copy of the most recent audited financial statements of the District for the fiscal year ended June 30, 2025, prepared by Nigro & Nigro, PC (the "Auditor"), is included in the District's audited financial statements attached to this Official Statement as APPENDIX A.

The District has neither requested nor obtained permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit work on the financial statements.

Balance Sheet

The following table shows historical balance sheets for the District for fiscal years ended June 30, 2021 through 2025, which are based on the District's audited financial statements.

TABLE 5
HISTORICAL BALANCE SHEET
(FOR FISCAL YEARS ENDED JUNE 30)

	2021	*2022*	*2023*	*2024*	*2025*
Assets					
Current Assets:					
Cash and cash equivalents	$ 36,810,630	$ 33,297,575	$ 28,862,994	$ 30,865,330	$ 25,917,941
Accrued interest receivable	20,985	40,755	181,867	20,700	9,964
Accounts receivable	25,340	786,395	866,311	1,299,202	910,299
Private sewer later assistance program receivable	92,964	81,706	78,918	71,640	56,190
Inventory - materials and supplies	301,868	297,690	424,502	421,924	680,968
Prepaid expenses	64,020	138,053	181,727	204,653	221,975
Total Current Assets	$ 37,315,807	$ 34,642,174	$ 30,596,319	$ 32,883,449	$ 27,797,337
Noncurrent Assets:					
Restricted - cash and investments	$ 900,130	$ 904,710	$ 909,196	$ 913,717	$ 918,249
Private sewer lateral assistance program receivable	343,162	299,738	278,945	249,006	261,111
Capital assets - not being depreciated / iBank loan proceeds	6,090,922	69,633,949	75,608,448	7,103,350	17,235,828
Capital assets - being depreciated, net	109,758,748	49,441,123	47,888,721	118,161,331	113,641,418
Total Noncurrent Assets	$ 117,092,962	$ 120,279,520	$ 124,685,310	$ 126,427,404	$ 132,056,606
Total Assets	$ 154,408,769	$ 154,921,694	$ 155,281,629	$ 159,310,853	$ 159,853,943
Deferred Outflows of Resources					
Deferred amounts related to refunding of long-term debt	$ 43,394	$ 33,927	$ 24,459	$ 14,992	$ 5,525
Deferred amounts related to net OPEB liability	717,833	747,317	889,041	782,362	554,743
Deferred amounts related to net pension liability	967,924	938,333	2,084,837	2,255,720	1,906,943
Total Def. Out. of Resources	$ 1,729,151	$ 1,719,577	$ 2,998,337	$ 3,053,074	$ 2,467,211
Total Assets and Def. Out. Of Resources	$ 156,137,920	$ 156,641,271	$ 158,279,966	$ 162,363,927	$ 162,321,154
Liabilities					
Current Liabilities:					
Accounts payable and accrued expenses	$ 2,375,169	$ 1,454,689	$ 1,247,203	$ 2,040,399	$ 3,229,631
Deposits and unearned revenues / Accrued payroll	106,555	57,768	57,768	57,768	57,768
Accrued interest payable	507,646	489,516	471,113	452,079	432,289
Long-term liabilities - due within one year:					
Compensated absences	128,855	151,469	176,690	220,120	245,945
Right-to-use lease payable / Unearned connection fees	57,768	106,244	102,388	47,632	111,888
Long-term debt payable	2,700,783	2,595,306	2,657,234	2,764,544	2,866,326
Total Current Liabilities	$ 5,876,776	$ 4,854,992	$ 4,712,396	$ 5,582,542	$ 6,943,847
Noncurrent Liabilities:					
Long-term liabilities - due in more than one year:					
Compensated absences	$ 300,661	$ 353,427	$ 412,276	$ 513,613	$ 573,872
Right-to-use lease payable	-	159,074	47,632	-	428,047
Long-term debt payable	54,604,065	51,887,407	49,108,820	46,222,923	43,235,244
Net OPEB liability	1,040,509	932,334	899,028	938,243	483,810
Net pension liability	3,734,920	2,140,549	4,448,657	4,891,752	4,870,904
Total Noncurrent Liabilities	$ 59,680,155	$ 55,472,791	$ 54,916,413	$ 52,566,531	$ 49,591,877
Total Liabilities	$ 65,556,931	$ 60,327,783	$ 59,628,809	$ 58,149,073	$ 56,535,724
Deferred Inflows of Resources					
Deferred amounts related to net OPEB liability	$ 1,037,161	$ 967,408	$ 951,593	$ 651,022	$ 715,866
Deferred amounts related to net pension liability	112,815	1,914,385	169,529	100,027	41,233
Total deferred inflows of resources	$ 1,149,976	$ 2,881,793	$ 1,121,122	$ 751,049	$ 757,099
Total Liabilities and Deferred Inflows of Resources					
Net Position					
Net Investment in Capital Assets	$ 52,497,294	$ 64,360,968	$ 71,605,554	$ 76,244,574	$ 84,241,266
Restricted for construction of capital assets	116	-	-	-	-
Restricted for Debt Service	900,130	904,710	909,196	913,717	918,249
Unrestricted	36,033,473	28,166,017	25,015,285	26,305,514	19,868,816
Total Net Position	$ 89,431,013	$ 93,431,695	$ 97,530,035	$ 103,463,805	$ 105,028,331
Total liabilities, deferred inflows of resources and net position	$ 156,137,920	$ 156,641,271	$ 158,279,966	$ 162,363,927	$ 162,321,154

Source: Las Gallinas Valley Sanitary District audited financial statements for the fiscal years 2020-21 through 2024-25.

Historical Operating Results

The following table is a summary of revenues, expenditures and debt service coverage of the District for the fiscal years ended June 30, 2021 through 2025 based on the District's audited financial statements.

TABLE 6
HISTORICAL REVENUES AND EXPENDITURES
FISCAL YEARS 2020-21 THROUGH 2024-25
(FOR FISCAL YEARS ENDED JUNE 30)

	2021	*2022*	*2023*	*2024*	*2025*
Revenues					
Sewer User Charges	$ 15,284,365	$ 15,491,846	$ 16,999,751	$ 18,680,095	$ 20,502,458
Property Taxes	1,565,590	1,706,346	1,718,435	1,771,975	1,906,149
Recycled Water Fees	123,155	127,742	246,090	113,735	185,819
Other	614,272	61,224	832,261	1,848,487	1,586,044
Total Gross Revenues	$ 17,587,382	$ 17,387,158	$ 19,796,537	$ 22,414,292	$ 24,180,470
Marin Municipal Water District Debt Reimbursement[1]					
Bank of Marin Loans	$ 206,548	$ 206,548	$ 157,054	$ 107,560	$ 107,560
2017 Revenue Bonds	256,846	256,720	256,427	256,489	256,887
Total MMWD Debt Reimbursement	$ 463,394	$ 463,268	$ 413,481	$ 364,049	$ 364,447
Expenses					
Sewage Collection, Treatment and Disposal	$ 4,943,615	$ 5,588,284	$ 7,125,089	$ 7,510,268	$ 9,071,110
Laboratory	498,183	506,304	534,204	524,678	624,240
Engineering	874,206	982,986	937,443	1,050,347	1,110,827
Recycled Water	106,416	62,460	102,306	83,536	152,028
General and Administrative	2,478,151	2,898,595	2,290,957	3,251,544	3,623,274
Adjustments for Pensions and OPEB	8,735	(29,378)	382,000	(48,000)	(108,000)
Total Expenses	$ 8,909,306	$ 10,009,251	$ 11,371,999	$ 12,372,373	$ 14,473,479
Net Operating Income	$ 9,141,470	$ 7,841,175	$ 8,838,019	$ 10,405,968	$ 10,071,438
Transfers (to)/from Rate Stabilization Fund	0	0	0	0	0
Net Revenues After Transfers	$ 9,141,470	$ 7,841,175	$ 8,838,019	$ 10,405,968	$ 10,071,438
Debt Service					
2011 Bank of Marin Loan	$ 332,676	$ 332,676	$ 332,676	$ 332,681	$ 332,681
2012 Bank of Marin Loan	235,346	235,346	39,225	0	0
2012 State Revolving Fund Loan	285,464	285,464	285,464	285,464	285,464
2014 Municipal Finance Corp Loan[2]	698,760	709,125	708,665	717,380	725,105
2019 iBank Loan	719,062	717,892	716,688	715,447	714,169
2017 Bonds	2,449,000	2,447,800	2,445,000	2,445,600	2,449,400
Total Debt Service	$ 4,720,308	$ 4,728,303	$ 4,527,718	$ 4,496,572	$ 4,506,819
Debt Service Coverage Ratio	1.94	1.66	1.95	2.31	2.23
Surplus Cash flow from Operations	$ 4,421,162	$ 3,112,872	$ 4,310,301	$ 5,909,396	$ 5,564,619

(1) Represents share of cost of wastewater treatment plant expansion allocated to MMWD. See "—Wastewater Facilities—Reuse of Treated Water and MMWD Agreement" above.
(2) Paid off in Fiscal Year 2024-25.
Source: Las Gallinas Valley Sanitary District.

Projected Operating Results and Debt Service Coverage

The table below shows the District's revenues, expenditures, debt service coverage and fund balance for the District for Fiscal Year 2025-26 (budgeted) and Fiscal Years 2026-27 through 2029-30 (projected).

The revenue projections shown in Table 7 below reflect the wastewater rate structure under Ordinance No. 192, as well as assumptions about future rate increases. See "Wastewater Rates and Charges" above. The projections also assume the issuance of the Bonds by the District in Fiscal Year 2025-26. Expense projections are based on the District's adopted budget and a long-term financial model developed by the District.

The projections set forth in the table below are forward-looking statements, as such term is defined in the Securities Act of 1933, as amended, and reflect certain significant assumptions concerning future events and circumstances. The forecast represents the District's estimate of projected financial results based upon its judgment of the most probable occurrence of certain important future events. The assumptions set forth in the footnotes to the table below are material in the development of the District's financial projections, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast, and such variations may be material.

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TABLE 7
PROJECTED REVENUES, EXPENDITURES AND DEBT SERVICE COVERAGE FOR FISCAL YEARS 2025-26 THROUGH 2029-30

	2026[1]	*2027*	*2028*	*2029*	*2030*
Revenues[6]					
Sewer User Charges	$ 22,443,570	$ 24,709,427	$ 25,945,018	$ 27,242,393	$ 28,604,640
Property Taxes	1,919,200	1,976,340	2,045,113	2,116,286	2,189,940
Recycled Water Fees	234,729	224,993	245,951	251,955	266,380
Other	1,599,552	1,448,249	1,523,763	1,601,695	1,739,831
Total Gross Revenues	$ 26,197,051	$ 28,359,009	$ 29,759,846	$ 31,212,329	$ 32,800,792
Total Marin Municipal Water District Debt Reimbursement[2]	$ 614,111	$ 446,913	$ 447,247	$ 446,807	$ 447,205
Expenses[7]					
Payroll Expenses	$ 8,209,139	$ 8,446,351	$ 8,994,544	$ 9,417,648	$ 9,755,349
Contracted Services	2,379,472	1,459,960	1,528,359	1,502,531	1,598,106
General and Administrative	1,390,088	1,421,147	1,447,987	1,504,781	1,563,444
Repairs & Maintenance	1,320,300	1,111,121	1,148,458	1,182,912	1,218,400
Supplies & Small Tools	1,066,900	1,081,004	1,119,958	1,160,342	1,202,209
Utilities	1,008,400	921,025	979,506	1,022,709	1,067,887
Total Expenses	$ 15,374,299	$ 14,440,608	$ 15,218,812	$ 15,790,923	$ 16,405,395
Net Operating Income	$ 11,436,863	$ 14,365,314	$ 14,988,281	$ 15,868,213	$ 16,842,601
Parity Debt Service					
Outstanding Debt Obligations[3]	$ 4,519,719	$ 3,775,842	$ 3,777,446	$ 3,771,807	$ 3,774,126
Bonds*[4]	0	1,870,000	1,870,000	1,870,000	1,870,000
Total Parity Debt Service*	$ 4,519,719	$ 5,645,842	$ 5,647,446	$ 5,641,807	$ 5,644,126
Parity Debt Service Coverage Ratio*	2.53	2.54	2.64	2.80	2.97
Subordinate/Unsecured Debt Service					
2025 Equipment Lease[5]	$ 370,828	$ 741,655	$ 741,655	$ 741,655	$ 741,655
Total Debt Service Coverage Ratio*	2.34	2.24	2.34	2.48	2.63
Surplus Cash flow from Operations*	$ 6,546,317	$ 7,977,816	$ 8,599,179	$ 9,484,750	$10,456,820

* Preliminary, subject to change.
(1) Based on Fiscal Year 2025-26 Budget.
(2) Represents share of cost of wastewater treatment plant expansion allocated to MMWD. See "—Wastewater Facilities—Reuse of Treated Water and MMWD Agreement" above.
(3) Consists of the Bank of Marin Loan, the SRF Loan, the iBank Loan and installment payments made under the 2017 Installment Purchase Agreement.
(4) Assumes the Bonds are issued the aggregate principal amount of $28,500,000* and with an interest rate of 5.25%* per annum. See "—Outstanding District Obligations—Existing Subordinate Debt or Unsecured Debt of the District."

[Footnotes Continue on Next Page]

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(5) Entered into in Fiscal Year 2025-26 for the purpose of financing certain energy facilities of the District.

(6) Assumes a 10% rate increase in Fiscal Year 2026-27, and an annual increase of 5% thereafter plus certain other assumptions. All rate increases are subject to the notice, hearing and protest provisions of Proposition 218, and there can be no assurance that any rate increases projected to take effect after Fiscal Year 2026-27 will be implemented or that the rate increases which are projected after Fiscal Year 2026-27 will be approved. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218."

(7) Assumes inflation of 3% annually plus certain other assumptions.

Source: Las Gallinas Valley Sanitary District.

Fiscal Year 2025-26 Budget. The District's Fiscal Year 2025-26 budget projects approximately $22.7 million in total operating revenues, including approximately $22.4 million in user charges. The adopted budget also identifies $15.6 million in operating expenses and $47.6 million in pay as you go capital expenditures and projects the issuance of approximately $24.6 million of debt funding (bonds, financing agreements, and/or loans) to finance capital expenditures of the District.

Reserve and Fund Balance Policies. The District has a Reserve Fund Policy which was approved by the District's Board in 2009 and updated in 2023. The District maintains specific reserves and fund balances that it deems appropriate to the operations and capital needs of the District.

Operating & Rate Stabilization Reserve (Working Cash Flow). The District maintains cash and investments necessary to insure that a minimum balance of seven months of average budgeted expenses is available and reserve can be used to stabilize and avoid dramatic rate increases. Reserve target is set annually as part of the budget process. When the balance is below the target, other reserves are used to meet the cash flow needs of the District. Reserves used in a fiscal year are replenished over a 6-to-10-year period. The rate stabilization reserve is separate and apart from the Rate Stabilization Fund described under "SECURITY FOR THE BONDS — Rate Stabilization Fund" herein.

Vehicle & Equipment Reserve Fund. The District maintains the Vehicle & Equipment Reserve Fund to fund the District's vehicle replacement program. The program reduces risk associated with an aging vehicle fleet, providing for funding for large equipment acquisition. The reserve target is replenished over a 3-to-4-year period.

Emergency Repair Reserve. The District maintains an emergency repair reserve to fund emergency repairs necessary. The reserve may be used to fund working capital needs.

Capital Reserve. The District maintains a capital reserve for major capital projects, including upgrades and expansions to the District's facilities.

The target balances for June 30, 2026 are as follows:

	Projected June 30, 2026
Operating Reserves:	
Operating & Rate Stabilization Reserve	$ 5,529,795
Emergency repair	1,351,852
Total Operating Reserves	$ 6,881,647
Capital Reserves:	
Vehicle & Equipment Reserve	$ 187,465
Capital Reserve	3,143,695
Total Capital Reserves	$ 3,331,160

The history of funding reserves for each fiscal year since fiscal year 2020-21 and the balances for Fiscal Year 2024-25 are shown below:

Fiscal Year	*Operation and Rate Stabilization Reserve Balance*	*Emergency Reserve Balance*	*Capital Reserve Balance*	*Vehicle and Equipment Reserve Balance*	*Total*
2020-21	$ 2,651,898	$ 1,000,000	$ 3,425,644	$ 1,094,425	$ 8,171,967
2021-22	2,973,576	1,000,000	899,969	841,668	5,715,213
2022-23	3,608,771	1,000,000	5,649,747	952,453	11,210,971
2023-24	4,247,894	1,166,667	9,065,924	991,218	15,471,703
2024-25	4,833,105	1,277,778	10,443,695	517,465	17,072,043

Source: Las Gallinas Valley Sanitary District.

Regulatory Requirements

Wastewater System Operations. The District is subject to the requirements contained in the following state and federal regulations and related permits:

- Federal Water Pollution Control Act, as amended (33 U.S.C. §1311 *et seq*.) (the "Clean Water Act").

- Resource Conservation and Recovery Act (42 U.S.C. §6901 *et. seq*.) (the "Resource Conservation and Recovery Act").

- State of California Porter-Cologne Water Quality Control Act of 1969, as amended.

- Regional Water Quality Control Board (RWB) Order R2-2015-0021 R2-2020-0022- plant NPDES discharge permit. (http://www.waterboards.ca.gov/sanfranciscobay/board_decisions/adopted_orders/2020/R2-2020-0022.pdf

- RWB Order R2-2022-0038 - Regional NPDES permit for mercury and Polychlorinated Biphenyls (PCBs) from municipal and industrial dischargers. (http://www.waterboards.ca.gov/sanfranciscobay/board_decisions/adopted_orders/2022/R2-2022-0038.pdf)

- RWB Order R2-2024-0013 - Regional NPDES permit for nutrients from municipal dischargers. (http://www.waterboards.ca.gov/sanfranciscobay/board_decisions/adopted_orders/2024/R2-2024-0013.pdf)

- RWB Order 92-064 - Water Reclamation Requirements for operation of and discharge to the District's on-site reclamation system. (http://www.waterboards.ca.gov/sanfranciscobay/board_decisions/adopted_orders/1992/R2-1992-0064.pdf)

- California State Water Resources Control Board (SWRCB) Order No. WQ-2022-0103-DWQ General Order for Sanitary Sewer Systems https://www.waterboards.ca.gov/board_decisions/adopted_orders/water_quality/2022/wqo_2022-0103-dwq.pdf

- RWB Order R2-2023-0023 - Amendment of Waste Discharge Requirements for Municipal Dischargers to Update Total Residual Chlorine and Oil and Grease Requirements https://www.waterboards.ca.gov/rwqcb2/board_decisions/adopted_orders/2023/R2-2023-0023.pdfRWB

- RWB Order R2-2016-0008 (with amended Monitoring and Reporting Program Order R2-2021-0028)- Alternate Monitoring and Reporting Requirements for Municipal Wastewater Dischargers for the Purpose of Adding Support to the San Francisco Bay Regional Monitoring Program (RMP)
https://www.waterboards.ca.gov/rwqcb2/board_info/agendas/2016/March/5a_final_to.pdf
https://www.waterboards.ca.gov/sanfranciscobay/board_decisions/adopted_orders/2021/R2-2021-0028.pdf

- California State Water Resources Control Board (SWRCB) Order No. WQ-2022-0103-DWQ General Order for Sanitary Sewer Systems
https://www.waterboards.ca.gov/board_decisions/adopted_orders/water_quality/2022/wqo_2022-0103-dwq.pdf

- SWRCB Order WQ 2004-0012-DWQ - General Waste Discharge Requirements for the Discharge of Biosolids to Land for Use as a Soil Amendment in Agricultural, Silvicultural, Horticultural, and Land Reclamation Activities (General Order)
https://www.waterboards.ca.gov/board_decisions/adopted_orders/water_quality/2004/wqo/wqo2004-0012.pdf

- EPA Biosolids Regulations 40 CFR 503 - Standards for Use or Disposal of Sewage Sludge
https://www.ecfr.gov/current/title-40/chapter-I/subchapter-O/part-503

- SWRCB Order WQ 2016-0068-DDW Water Reclamation Requirements for Recycled Water Use
https://www.waterboards.ca.gov/board_decisions/adopted_orders/water_quality/2016/wqo2016_0068_ddw.pdf

Note : The District is subject to the "Region 2" Monitoring and Reporting Requirements (MRP) rather than the original MRP in Order WQ 2016-0068-DDW

The references to the Internet websites made above are made for convenience only. The information contained within the websites may not be current, has not been reviewed by the District and is not incorporated by reference in this Official Statement.

The District has a Sewer System Management Plan, which describes the management of the District's Wastewater System. The District's Sewer System Management Plan was prepared in compliance with Order No. 2006-0003-DWQ, which was amended by Order No. 2013-0058-EXEC. Under Order No. 2006-0003-DWQ, sanitary sewer systems were required to develop and implement a system-specific Sewer System Management Plan. The District updated and certified that its Sewer System Management Plan was in compliance with Order No. 2006-0003-DWQ in 2008 and, again, in 2013 to comply with Order No. WQ 2013-0058-EXEC. The Sewer System Management Plan was last updated in June 2025 complying with State Waster Resource Control Board Order No. WQO-2022-0103-DWQ, Statewide General Waste Discharge Requirements for Sanitary Sewer Systems (General Order), adopted December 6, 2022, effective June 5, 2023.

Employees and Benefits

The District currently employs 32 full-time employees. The majority are represented by Operating Engineers 3. The current collective bargaining agreement is for three years and expires on June 30, 2026. The District has not experienced any formal grievances or disputes with the represented labor group during the current collective bargaining agreement. The District also has three year contracts with its management and confidential employees which terminate on June 30, 2026. The District provides retirement benefits and other post-employment benefits for its employees. See Notes (10) and (11) in the District's audited financial statements, attached hereto as APPENDIX A.

Pension Obligations. Accounting and financial reporting by state and local government employers for defined benefit pension plans is governed by GASB Statement No. 68 ("**GASB 68**"). GASB 68 includes the following components: (i) unfunded pension liabilities are included on the employer's balance sheet; (ii) pension expense incorporates rapid recognition of actuarial experience and investment returns and is not based on the employer's actual contribution amounts; (iii) lower actuarial discount rates are required to be used for underfunded plans in certain cases for purposes of the financial statements; (iv) closed amortization periods for unfunded liabilities are required to be used for certain purposes of the financial statements; and (v) the difference between expected and actual investment returns will be recognized over a closed five-year smoothing period. GASB 68 affects the District's accounting and reporting requirements, but it does not change the District's pension plan funding obligations.

The District participates in a Miscellaneous Plan to fund pension benefits for employees that serve the Wastewater System. The District's pension plan is administered by the California Public Employees' Retirement System ("**CalPERS**"). CalPERS administers agent multiple-employer public employee defined benefit pension plans for all of the District's full-time and certain part-time employees. CalPERS provides retirement, disability and death benefits to plan members and beneficiaries and acts as a common investment and administrative agent for participating public entities within the State, including the District. CalPERS plan benefit provisions and all other requirements are established by State statute and the District Board.

CalPERS plan benefit provisions and all other requirements are established by State statute and the District's Board of Directors. The District's employees participate in one of two plans under the District's Miscellaneous Plan depending upon their date of hire. Employees hired prior to January 1, 2013 participate in the Classic Tier 1 plan and employees hired after that date participate in the PEPRA Tier 2 plan. The benefits of each plan are summarized below:

	Miscellaneous Plans	
	Classic Tier 1	***PEPRA Tier 2***
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ age 55	2.0% @ age 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	1.0% - 2.5%
Required member contribution rates	8.000%	6.750%
Required employer contribution rates – FY 2024	15.950%	7.680%
Required employer contribution rates – FY 2023	14.030%	7.470%

At June 30, 2024, the following members were covered by the benefit terms:

Plan Members	*Miscellaneous Plans* Classic Tier 1	PEPRA Tier 2	Total
Active members	10	21	31
Transferred and terminated members	12	12	24
Retired members and beneficiaries	29	-	29
Total plan members	51	33	84

District employees who were hired on or after January 1, 2013 and who were not previously CalPERS members receive benefits based on 2.0% at age 62 formula. Such employees are required to make the full amount of required employee contributions themselves under the California Public Employees' Pension Reform Act of 2013 ("**AB 340**"), which was signed by the State Governor on September 12, 2012. AB 340 established a new pension tier for such employees. Benefits for such participants are calculated on the highest average annual compensation over a consecutive 36-month period. Employees are required to pay at least 50% of the total normal cost rate. AB 340 also capped pensionable income as noted below. Amounts are set annually, subject to Consumer Price Index increases, and retroactive benefits increases are prohibited, as are contribution holidays and purchases of additional non-qualified service credit.

Las Gallinas Valley Sanitary District
Pensionable Income Caps for Calendar Year 2025 (AB 340 and Non-AB 340 Employees)

	Employees Hired Before January 1, 2013 (Non-AB 340 Employees)	*Employees Hired On or After January 1, 2013 (AB 340 Employees)*
Maximum Pensionable Income	$350,000	$186,096
Maximum Pensionable Income if also Participating in Social Security	N/A	$155,081

Source: CalPERS Circulation Letter 200-001-25 for 2025.

Additional employee contributions, limits on pensionable compensation and higher retirement ages for new members as a result of the passage of AB 340 are expected to reduce the District's unfunded pension lability and potentially reduce District contribution levels in the long term.

The District is also required to contribute the actuarially determined remaining amounts necessary to fund benefits for its members. Employer contribution rates for all public employers are determined on an annual basis by the CalPERS actuary and are effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The total minimum required employer contribution is the sum of: (i) the plan's employer normal cost rate, which funds pension benefits for current employees for the upcoming Fiscal Year (expressed as a percentage of payroll); plus (ii) the employer unfunded accrued liability contribution amount, which funds pension benefits that were previously earned by current and former employees (billed monthly).

For Fiscal Year 2024-25, required employer normal cost rates as a percentage of payroll were 16.02% for Classic Tier 1 plan employees. For Fiscal Year 2025-26, required employer normal cost rates as a percentage of payroll are 16.09% for Classic Tier 1 plan employees. For Fiscal Year 2026-27, required employer normal cost rates as a percentage of payroll are expected to be 16.07% for Classic Tier 1 plan employees.

For Fiscal Year 2024-25, required employer normal cost rates as a percentage of payroll were 7.87% for PEPRA Tier 2 plan employees. For Fiscal Year 2025-26, required employer normal cost rates as a percentage of payroll are 7.96% for PEPRA Tier 2 plan employees. For Fiscal Year 2026-27, required employer normal cost rates as a percentage of payroll are expected to be 7.93% for PEPRA Tier 2 plan employees.

For Fiscal Years 2023-24 and 2024-25, the District made required Miscellaneous plan contributions of $4,891,752 and $4,870,904, respectively

The District's required contributions to CalPERS fluctuate each year and, as noted, include a normal cost component and a component that is equal to an amortized amount of the unfunded liability. Many assumptions are used to estimate the ultimate liability of pensions and the contributions that will be required to meet those obligations. The annual earnings on funds held by CalPERS also has an impact on future required contribution levels. The CalPERS Board of Administration has adjusted and may in the future further adjust certain assumptions used in the CalPERS actuarial valuations, which adjustments may increase the District's required contributions to CalPERS in future years. Accordingly, the District cannot provide any assurances that the District's required contributions to CalPERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions. CalPERS preliminary earnings report for Fiscal Year 2024-25 reported investment gains of approximately 11.6%. Future earnings performance may increase or decrease future contribution rates for plan participants, including the District.

On December 21, 2016, the CalPERS Board of Administration voted to lower its discount rate from 7.50% to 7.00% over a three period. Lowering the discount rate means that employers which contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities.

The announcement on July 12, 2021 that CalPERS achieved investment returns of 21.3% in Fiscal Year 2020-21 caused the CalPERS Board of Administration to lower CalPERS' discount rate from 7.00% to 6.80% in fall 2021 in accordance with a risk mitigation policy that was adopted in 2015, which calls for the discount rate to be lowered if returns exceed the then-current discount rate by two or more percentage points. For Fiscal Year 2025-26, the CalPERS discount rate remained at 6.80%.

The table below is derived from CalPERS' annual valuation report as of June 30, 2024 for the District's Miscellaneous Plan, which was completed in July 2025, and shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. These projections assume that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. Subsequently, in November 2025, CalPERS announced normal cost percentages will be increasing from the rates shown in the table above beginning in Fiscal Year 2027-28, but has not yet provided actual details at the employer level.

The following projections assumed the investment return for fiscal year 2024-25 would be 6.8%. As described above, CalPERS announced preliminary investment returns of 11.6% for Fiscal Year 2024-25. As a result, the actual contribution requirements for Fiscal Year 2027-28 and the following years shown below can be expected to differ from such projections.

Las Gallinas Valley Sanitary District
Projected Future Employer Contributions – CalPERS Miscellaneous Plan

	Required Contribution	*Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2024-25 and Beyond)*				
Plan	***2026-27***	***2027-28***	***2028-29***	***2029-30***	***2030-31***	***2031-32***
Classic Tier 1	16.07%	16.1%	16.1%	16.1%	16.1%	16.1%
PEPRA Tier 2	7.93%	7.9%	7.9%	7.9%	7.9%	7.9%
UAL Payment	$508,039	$530,000	$583,000	$586,000	$588,000	$599,000

Source: District's Annual Valuation Report as of June 30, 2024.

No assurance can be provided that the District's CalPERS plan expenses will not increase significantly in the future.

The Schedule of Funding Progress below shows the District's total pension liability for its Miscellaneous CalPERS plan, CalPERS assets and the relationship of the total pension liability to such assets.

Las Gallinas Valley Sanitary District
Schedule of Funding Progress – CalPERS Miscellaneous Plan

Valuation Date[(1)]	*Total Accrued Pension Liability*	*Share of Pool's Market Value of Assets*	*Unfunded Accrued Liability*	*Annual Covered Payroll*	*Funded Ratio*
6/30/21	$16,422,703	13,655,102	2,767,601	$2,657,632	83.1%
6/30/22	17,943,662	12,956,058	4,987,604	3,284,773	72.2
6/30/23	19,204,679	13,792,395	5,412,284	3,727,341	71.8
6/30/24	20,581,802	15,250,471	5,331,331	4,251,555	74.1

(1) Figures are as of the measurement dates of June 30 of the years 2021 through 2024, which apply to the Fiscal Years ended June 30, 2021 through 2024, respectively.
Source: CalPERS Annual Valuation Report as of June 30, 2024.

Portions of the above disclosures are primarily derived from information that has been produced by CalPERS, its independent accountants and its actuaries. The District and the Authority have not independently verified such information and neither makes any representations nor expresses any opinion as to the accuracy of the information that has been provided by CalPERS.

The comprehensive annual financial reports of CalPERS are available on CalPERS' Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information that concerns benefits and other matters. The textual reference to such Internet website is provided for convenience only. None of the information on such Internet website is incorporated by reference herein. The District and the Authority cannot 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 be changed in the future.

The District's total pension liability consists of two parts: (i) funds that are held by CalPERS, in a pool with other CalPERS members, and (ii) its total unfunded accrued pension liability. The District's Miscellaneous Plan had a total accrued pension liability of $20,581,802 for Fiscal Year 2024-25 (as of the measurement date of June 30, 2024), which consisted of the District's share of the pool's market value of assets, totaling $15,250,471, and an unfunded accrued liability totaling $5,331,331.

Changes in the unfunded accrued liability for the District's Miscellaneous pension plan in Fiscal Year 2024-25 from Fiscal Year 2023-24 were as follows:

Las Gallinas Valley Sanitary District
Changes in CalPERS Miscellaneous Plan Unfunded Accrued Liability

	June 30, 2023	*June 30, 2024*
Present Value of Benefits	$ 25,146,650	$ 27,111,713
Entry Age Accrued Liability	19,204,679	20,581,802
Market Value of Assets (MVA)	$ 13,792,395	$ 15,250,471
Unfunded Accrued Liability (UAL)	$ 5,412,284	$ 5,331,331
Funded Ratio	71.8%	74.1%

Source: CalPERS Annual Valuation Report as of June 30, 2024.

The table below presents the unfunded accrued liability of the District's Miscellaneous pension plan, calculated using the discount rate applicable to Fiscal Year 2024-25 (6.8%), as well as what the unfunded accrued liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.8%) or 1 percentage point higher (7.8%) than the Fiscal Year 2024-25 rate:

Las Gallinas Valley Sanitary District
Sensitivity of CalPERS Miscellaneous Plan Unfunded Accrued Liability
to Changes in the Discount Rate

	1% Lower Average Return	*Current Assumption*	*1% Higher Average Return*
Discount Rate	5.8%	6.8%	7.8%
Entry Age Accrued Liability	$23,447,681	$20,581,802	$18,230,211
Market Value of Assets (MVA)	$15,250,471	$15,250,471	$15,250,471
Unfunded Accrued Liability (UAL)	$8,197,210	$5,331,331	$2,979,740
Funded Ratio	65.0%	74.1%	83.7%

Source: CalPERS Annual Valuation Report as of June 30, 2024.

For additional information relating to the District's CalPERS Miscellaneous pension plan, see Note 11 to the District's audited financial statements set forth in Appendix A.

Post-Employment Benefits

Plan Description – Eligibility. The District administers its post-employment benefits plan, a single-employer defined benefit plan ("**OPEB Plan**"). The following requirements must be satisfied in order to be eligible for the post-employment medical, dental and vision benefits: (1) attainment of age 55, and 20 years for full-time service with the District and (2) retirement from the District (the District must be the last employer prior to retirement).

Membership in the OPEB Plan consisted of the following members as of June 30 of each of the following years:

	2024	***2025***
Active members	29	31
Inactives entitled to but not yet receiving benefits	2	5
Inactives currently receiving benefits	20	19
Total plan membership	51	55

OPEB Plan Description – Benefits. The District offers post-employment medical, dental and vision benefits to retired employees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any plan available through the Association of California Water Agencies – Joint Power Insurance Authority ("**ACWA-JPIA**") medical, dental and vision programs. The contribution requirements of OPEB Plan members and the District are established and may be amended by the Board of Directors. OPEB Plan benefits do not sunset when a retiree becomes eligible for Medicare.

GASB Statement No. 75 ("**GASB 75**") requires governmental agencies to account for and report outstanding obligations and commitments related to post-employment benefits in essentially the same manner as for pensions. For the District, the reporting obligation began in Fiscal Year 2018.

The District's total OPEB liabilities of $2,882,764 and $3,136,063 as of June 30, 2023 and June 30, 2024, respectively, were measured as of June 30, 2023 and June 30, 2024, and were determined by an actuarial valuation as of June 30, 2025.

Changes in the net liability for the District's post-employment benefit plan for Fiscal Year 2023-24 were as follows.

Las Gallinas Valley Sanitary District
Changes in Post-Employment Benefit Plan Liability

	Total OPEB Liability
Balance at June 30, 2024 (Measurement date June 30, 2023)	$ 3,136,063
Changes for the year:	
Service cost	208,540
Interest	188,481
Differences in experience	(366,557)
Benefit payments	(133,348)
Net changes	(102,884)
Balance at June 30, 2025 (Measurement date June 30, 2024)	$ 3,033,179

Source: District.

The following table presents the total liability of the District's post-employment benefits plan, calculated using the discount rate applicable to Fiscal Year 2024-25 (5.75%), as well as what the total post-employment benefit liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.75%) or 1 percentage point higher (6.75%) than the Fiscal Year 2024-25 rate:

Las Gallinas Valley Sanitary District
Sensitivity of the Post-Employment Benefit Plan Net Liability to Changes in the Discount Rate

1% Decrease	***Discount Rate***	***1% Increase***
4.75%	***5.75%***	***6.75%***
$871,916	$483,810	$161,125

Source: District.

The District's projections of Operation and Maintenance Costs under the caption "—Projected Operating Results and Debt Service Coverage" do not assume unusual increases in post-employment benefit funding expenses in the future. However, future changes in funding policies and assumptions, including those related to assumed rates of investment return and healthcare cost inflation, could trigger increases in the District's annual required contributions, and such increases could be material to the finances of the District. No assurance can be provided that such expenses will not increase significantly in the future. The District does not expect that any increased funding of post-employment benefits will have a material adverse effect on the ability of the District to make the Series 2026 Installment Payments when due.

For additional information relating to the post-employment benefit plan, see Note 10 to the District's audited financial statements set forth in Appendix A.

CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES

Article XIIIB

Article XIIIB of the State Constitution limits the annual appropriations of the State and of any city, county, school district, authority, special district or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and population. The "base year" for establishing such appropriation limit is the 1978-79 State fiscal year and the limit is to be adjusted annually to reflect changes in population and consumer prices. Adjustments in the appropriations limit of an entity may also be made if: (a) the financial responsibility for a service is transferred to another public entity or to a private entity; (b) the financial source for the provision of services is transferred from taxes to other revenues; or (c) the voters of the entity approve a change in the limit for a period of time not to exceed four years.

Appropriations that are subject to Article XIIIB generally include the proceeds of taxes levied by or for the State or other entity of local government, exclusive of certain State subventions, refunds of taxes and benefit payments from retirement, unemployment, insurance and disability insurance funds. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to an entity of government from: (i) regulatory licenses, user charges, and user fees (but only to the extent that such proceeds exceed the cost reasonably borne by the entity in providing the service or regulation); and (ii) the investment of tax revenues. Article XIIIB includes a requirement that if an entity's revenues in any year exceed the amounts that are permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Certain expenditures are excluded from the appropriations limit, including payments of indebtedness that were existing or legally authorized as of January 1, 1979, or of bonded indebtedness thereafter approved by the voters, and payments that are required to comply with court or federal mandates which without discretion require an expenditure for additional services or which unavoidably make the provision of existing services more costly.

The District is of the opinion that its charges for Wastewater Service do not exceed the costs that it reasonably bears in providing such services and therefore are not subject to the limits of Article XIIIB. The District has covenanted in the Installment Purchase Agreement, to the fullest extent permitted by law, to fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Wastewater Service which are reasonably expected, at the commencement of each Fiscal Year, to be at least sufficient to yield during each Fiscal Year Net Revenues equal to 125% of Debt Service on the Bonds and other Parity Bonds and Contracts for such Fiscal Year. See the caption "SECURITY FOR THE BONDS—Rate Covenant."

Proposition 218

General. An initiative measure entitled the "Right to Vote on Taxes Act" (the "**Initiative**") was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Articles XIIIC and XIIID to the State Constitution. According to the "Title and Summary" of the Initiative prepared by the State Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges."

Article XIIID. Article XIIID defines the terms "fee" and "charge" to mean "any levy other than an ad valorem tax, a special tax or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property-related service." A "property-related service" is defined as "a public service having a direct relationship to property ownership." Article XIIID further provides that reliance by an agency on any parcel map (including an assessor's parcel map) may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership.

Article XIIID requires that any agency which imposes or increases any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, because fees for wastewater service are a "fee" or "charge" as defined in Article XIIID, the local government's ability to increase such fee or charge may be limited by a majority protest.

In addition, Article XIIID includes a number of limitations that are applicable to existing fees and charges, including provisions to the effect that: (a) revenues that are derived from the fee or charge may not exceed the funds which are required to provide the property-related service; (b) such revenues may not be used for any purpose other than that for which the fee or charge was imposed; (c) the amount of a fee or charge that is imposed upon any parcel or person as an incident of property ownership may not exceed the proportional cost of the service attributable to the parcel; and (d) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property-related fees or charges based on potential or future use of a service are not permitted.

Based upon the California Court of Appeal decision in *Howard Jarvis Taxpayers Association v. City of Los Angeles*, 85 Cal. App. 4th 79 (2000), which was denied review by the State Supreme Court, it was generally believed that Article XIIID did not apply to charges for water and wastewater services that are "primarily based on the amount consumed" (i.e., metered water or wastewater rates), which had been held to be commodity charges related to consumption of the service, not property ownership. The State Supreme Court ruled in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal. 4th 205 (2006) (the "***Bighorn*** **Case**"), however, that fees for ongoing water service through an existing connection were property-related fees and charges. The Court specifically disapproved the holding in *Howard Jarvis Taxpayers Association v. City of Los Angeles* that metered water rates are not subject to Proposition 218. The District complied with the notice, hearing and protest procedures in Article XIIID, as further explained by the State Supreme Court in the

Bighorn Case, with respect to the wastewater rate increases that were approved on June 19, 2018. See the caption "THE WASTEWATER SYSTEM OF THE DISTRICT—Wastewater System Rates and Charges—Adopted Rates."

On April 20, 2015, the California Court of Appeal, Fourth District, issued an opinion in *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano*, 235 Cal. App. 4th 1493 (2015) (the "***SJC* Case**"), upholding tiered water rates under Proposition 218 provided that the tiers correspond to the actual cost of furnishing service at a given level of usage. The opinion was specific to the facts of the case, including a finding that the City of San Juan Capistrano did not attempt to calculate the actual costs of providing water at various tier levels. The District's wastewater rates, which are described under the caption "THE WASTEWATER SYSTEM OF THE DISTRICT—Wastewater System Rates and Charges," do not currently include tiered rates based on usage.

Article XIIIC. Article XIIIC provides that the initiative power may not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges is applicable to all local governments. Article XIIIC does not define the terms "local tax," "assessment," "fee" or "charge," so it was unclear whether the definitions set forth in Article XIIID referred to above are applicable to Article XIIIC. Moreover, the provisions of Article XIIIC are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996. On July 24, 2006, the State Supreme Court held in the *Bighorn* Case that the provisions of Article XIIIC applied to rates and fees charged for domestic water use. In the decision, the Court noted that the decision did not address whether an initiative to reduce fees and charges could override statutory rate setting obligations.

On August 3, 2020, the State Supreme Court issued an opinion in *Wilde v. City of Dunsmuir* (Cal. S. Ct. S252915) holding that taxpayers do not have the right under Proposition 218 to challenge water rates by referendum, and the District does not believe that Article XIIIC grants to the voters within the District the power (whether by initiative under Article XIIIC or otherwise, or by referendum, which is not authorized under Article XIIIC) to repeal or reduce rates and charges for the Wastewater Services in a manner that would interfere with the contractual obligations of the District or the obligation of the District to maintain and operate the Wastewater System. However, there can be no assurance as to the availability of particular remedies adequate to protect the Beneficial Owners of the Bonds. Remedies that are available to Beneficial Owners of the Bonds in the event of a default by the District are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time-consuming to obtain. So long as the Bonds are held in book-entry form, DTC (or its nominee) will be the sole registered owner of the Bonds and the rights and remedies of the Bond Owners will be exercised through the procedures of DTC.

In addition to the specific limitations on remedies which are contained in the applicable documents themselves, the rights and obligations with respect to the Bonds, the Indenture and the Installment Purchase Agreement are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought and to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State. The various opinions of counsel to be delivered with respect to such documents, including the opinion of Bond Counsel (the form of which is attached as Appendix C), will be similarly qualified.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (a) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege;

(b) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (c) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental or lease of local government property; (e) a fine, penalty or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 applies to charges imposed or increased after November 2, 2010 and provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The District believes that its Wastewater System rates and charges meet the exception that is described in clause (g) above and are not taxes under Proposition 26.

Future Initiatives

Articles XIIIB, XIIIC and XIIID were adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiatives could be proposed and adopted affecting the District's revenues or ability to increase revenues.

CERTAIN RISKS TO BONDHOLDERS

The following information, in addition to the other matters that are described in this Official Statement, should be considered by prospective investors in evaluating the Bonds. However, the following does not purport to be comprehensive, definitive or an exhaustive listing of risks and other considerations that may be relevant to making an investment decision with respect to the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. If any risk factor materializes to a sufficient degree, it alone could delay or preclude payment of principal of or interest on the Bonds.

Limited Obligations

The obligation of the District to pay the Series 2026 Installment Payments is a limited obligation of the District and is not secured by a legal or equitable pledge or charge or lien upon any property of the District or any of its income or receipts, except the Net Revenues. The obligation of the District to pay the Series 2026 Installment Payments does not constitute an obligation of the District to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation.

Accuracy of Assumptions

To estimate the Net Revenues available to pay the Series 2026 Installment Payments, the District has made certain assumptions with regard to various matters, including but not limited to future development within the District and increases in revenues resulting therefrom, the rates and charges to be imposed in future years, the expenses associated with operating the Wastewater System and the interest rate at which funds will be invested. The District believes these assumptions to be reasonable, but to the extent that any of such assumptions fail to materialize, the Net Revenues available to pay the Series 2026 Installment Payments will, in all likelihood, be less than those projected herein. See the caption "THE WASTEWATER SYSTEM OF THE DISTRICT—Projected Wastewater System Operating Results and Debt Service Coverage." The District may choose, however, to maintain compliance with the rate covenant set forth in the Installment Purchase Agreement in part by means of contributions from available reserves or resources, including the Rate

Stabilization Fund. In such event, Net Revenues may generate amounts which are less than 1.25 times Debt Service in any given Fiscal Year. See the captions "SECURITY FOR THE BONDS—Rate Covenant" and "SECURITY FOR THE BONDS—Rate Stabilization Fund."

System Demand

There can be no assurance that the demand for wastewater services will occur as described in this Official Statement. Reduction in levels of demand could require an increase in rates or charges in order to comply with the rate covenant. See the caption "SECURITY FOR THE BONDS—Rate Covenant." Demand for wastewater services could be reduced or may not occur as projected by the District as a result of reduced levels of development in the District's service area, hydrological conditions, conservation efforts, an economic downturn, mandatory State conservation orders and other factors.

System Expenses

There can be no assurance that the District's expenses will be consistent with the descriptions in this Official Statement. Wastewater System Operation and Maintenance Costs may vary with the conditions of the Treatment Plant as well as treatment costs, regulatory compliance costs, labor costs (including costs related to pension and other post-employment benefits) and other factors. Increases in Operation and Maintenance Costs could require an increase in rates or charges in order to comply with the rate covenant. There can be no assurance that actual Operation and Maintenance Costs associated with operation of the Wastewater System will not differ materially from the projections that are set forth herein. If the actual cost of operating the Wastewater System directly exceeds the District's current projections, the amount of Net Revenues, which secure the Bonds, could be reduced, which could require the District to increase Wastewater System rates and charges in order to comply with the rate covenant. See the caption "SECURITY FOR THE BONDS—Rate Covenant."

Limited Recourse on Default

If the District defaults on its obligation to pay the Series 2026 Installment Payments, the Trustee, as assignee of the Authority, has the right to declare the total unpaid principal amount of the Series 2026 Installment Payments, together with the accrued interest thereon, to be immediately due and payable. However, in the event of a default and such acceleration, there can be no assurance that the District will have sufficient funds to pay such accelerated amounts from Net Revenues.

Rate-Setting Process under Proposition 218

Proposition 218, which added Articles XIIIC and XIIID to the State Constitution, affects the District's ability to maintain existing Wastewater System rates and impose rate increases, and no assurance can be given that future Wastewater System rate increases will not encounter majority protest opposition or be challenged by initiative action authorized under Proposition 218. In the event that future proposed Wastewater System rate increases cannot be imposed as a result of majority protest or initiative, the District might thereafter be unable to generate Net Wastewater System Revenues in the amounts required by the Installment Purchase Agreement to pay the Series 2026 Installment Payments. The District believes that its current Wastewater System rates approved by the Board were effected in accordance with the public hearing and majority protest provisions of Proposition 218. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218."

Statutory and Regulatory Compliance

Laws and regulations governing treatment and delivery of wastewater are enacted and promulgated by federal, State and local government agencies. Compliance with these laws and regulations is and will continue to be costly, and, as more stringent standards are developed, such costs will likely increase.

Claims against the Wastewater System for failure to comply with applicable laws and regulations could be significant. Such claims may be payable from assets of the Wastewater System and constitute Operation and Maintenance Costs or from other legally available sources. In addition to claims by private parties, changes in the scope and standards for public agency Wastewater Systems such as that operated by the District may also lead to administrative orders issued by federal or State regulators. Future compliance with such orders can also impose substantial additional costs on the District. No assurance can be given that the cost of compliance with such laws, regulations and orders would not adversely affect the ability of the District to generate Net Revenues in amounts that are sufficient to pay the Bonds.

Climate Change

One of the factors that may pose a risk to the operations of the Wastewater System is climate change. Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, and extreme temperatures and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. In addition, the effects of global climate change are expected to increase the risk of inundation at low-lying wastewater facilities as sea levels rise. In addition, higher intensity storms are expected in California as a result of climate change, which are projected to result in potentially higher peak wet weather flow events, which could lead to higher turbidity in raw water and increased runoff that affects sewers and wastewater treatment. The District has incorporated potential impacts of climate change into its planning activities.

Cybersecurity

The District, like many other public and private entities, relies on computer and other digital networks and systems to conduct their operations. The District is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the efforts of the District 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 District, or the administration of the Bonds. No assurance can be given that the District will not be affected by cyber threats and attacks in a manner that may affect the payment of debt service on the Bonds.

Natural Disasters

The occurrence of any natural disaster in the District, including, without limitation, earthquake, wildfire, drought, high winds, landslide or flood, could have an adverse material impact on the economy within the District and the revenues available for the payment of the Bonds and result in substantial damage to and interference with the operations of the Wastewater System.

Portions of the District's service area may be subject to unpredictable seismic activity. The Installment Purchase Agreement does not require the District to maintain earthquake insurance. The District maintains liability insurance for the Wastewater System and property casualty insurance (for losses other than from flood and seismic events) for certain portions of the Wastewater System. See the caption "THE DISTRICT—Insurance." However, there can be no assurance that specific losses will be covered by insurance or, if covered, that claims will be paid in full by the applicable insurers. Furthermore, significant portions of the Wastewater System, including underground pipelines and manhole covers, are not covered by property casualty insurance. Damage to such portions of the Wastewater System as a result of natural disasters would result in uninsured losses to the District.

In recent years, wildfires have caused extensive damage throughout the State. In some cases, these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. Several fires which occurred in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. Some commentators believe that climate change will lead to even more frequent and damaging wildfires in the future. The California Department of Forestry and Fire

Protection ("**Cal Fire**") periodically prepares maps which evaluate fire hazard, which is defined as the likelihood and expected fire behavior over a 30 to 50-year period without considering mitigation measures such as home hardening, recent wildfire or fuel reduction efforts, as opposed to risk, which is the potential damage a fire can do to the area under existing conditions, accounting for any modifications such as fuel reduction projects, defensible space, and ignition resistant building construction. In March 2025, Cal Fire released an updated Fire Hazard Severity Zone map for the Northern California region and certain portions of the District are located within a High or Very High Fire Hazard Severity Zone. There is a risk that property within the District may be damaged or destroyed by wildfires, which may reduce the Net Revenues available to pay the Series 2026 Installment Payments. No assurance can be given as to the severity or frequency of wildfires within the vicinity of the District or the impact on the operations of the Wastewater System.

Limitations on Remedies

The ability of the District to comply with its covenants under the Installment Purchase Agreement and to generate Net Revenues in amounts that are sufficient to pay the Series 2026 Installment Payments may be adversely affected by actions and events outside of the control of the District and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or persons obligated to pay assessments, fees and charges. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218." Furthermore, the remedies that are available to the owners of the 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, usual equity principles may limit the specific enforcement under State law of certain remedies, as may 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, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium proceedings and other laws relating to or affecting creditors' rights, or the exercise of powers by the federal or State government, if initiated, could subject the Beneficial Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitations or modification of their rights. Remedies may be limited because the Wastewater System serves an essential public purpose.

The opinion to be delivered by Bond Counsel concurrently with the execution and delivery of the Bonds will be subject to such limitations and the various other legal opinions to be delivered concurrently with the issuance of the Bonds will be similarly qualified. See Appendix C. In the event that the District fails to comply with its covenants under the Installment Purchase Agreement or fails to pay the Series 2026 Installment Payments, which secure the payments of principal of and interest on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the holders of the Bonds.

Loss of Tax Exemption

General. In order to maintain the exclusion from gross income for federal income tax purposes of the interest (and original issue discount) on the Bonds, the Authority and the District have covenanted in the Indenture and the Installment Purchase Agreement, respectively, to comply with the applicable requirements of the Code, and not to take any action or fail to take any action if such action or failure to take such action would adversely affect the exclusion from gross income of interest (and original issue discount) on the Bonds thereunder. Interest (and original issue discount) on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of such Bonds as a result of acts or omissions of the Authority or the District in violation of this or other covenants in the Indenture or the Installment Purchase Agreement. The Bonds are not subject to redemption or any increase in interest rates should an event of taxability occur and will remain outstanding until maturity or prior redemption in accordance with the provisions contained in the Indenture.

Federal Tax Law Changes. From time to time, there are legislative proposals in Congress and IRS rulemaking activities that could adversely affect the market value or marketability of the Bonds. It cannot be predicted whether future legislation, rules, regulations or other guidance may be proposed or enacted that would affect the federal tax treatment of interest (and original issue discount) received on the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors regarding any pending or proposed legislation or regulations that would change the federal tax treatment of interest (and original issue discount) on the Bonds. Risks to the status of federal tax exemption affecting interest (and original issue discount) on the Bonds are also discussed under the caption "TAX MATTERS."

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that the 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 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.

Parity Obligations

The Installment Purchase Agreement permits the District to enter into Parity Bonds and Contracts payable from Net Revenues of the Wastewater System on a parity with the Series 2026 Installment Payments, which secure the Bonds, subject to the terms and conditions set forth therein. The entry into of additional Parity Bonds and Contracts could result in reduced Net Revenues available to pay the Series 2026 Installment Payments. The District has covenanted to maintain coverage of at least 125% of Debt Service, as further described under the caption "SECURITY FOR THE BONDS—Additional Parity Bonds and Contracts."

THE AUTHORITY

The Authority was created by a Joint Exercise of Powers Agreement, dated as of January 24, 2017, between the District and Sausalito-Marin City Sanitary District ("**SMCSD**"). That agreement was entered into pursuant to Articles 1 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code (the "**JPA Agreement**"). The Authority was formed for the purpose of assisting in the financing and refinancing of capital improvement projects of the District and related entities and to finance working capital for the District by exercising the powers referred to in the JPA Agreement, including the power to issue bonds to pay the costs of public improvements. Neither the District nor Authority is responsible for repayment of the obligations of the other.

APPROVAL OF LEGAL PROCEEDINGS

The valid, legal and binding nature of the Bonds is subject to the approval of Stradling Yocca Carlson & Rauth LLP, acting as Bond Counsel. The form of such legal opinion is attached as Appendix C, and such legal opinion will be attached to each Bond. Certain matters will be passed upon for the District by Byers/Richardson, California, District Counsel, and by Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel, and for the Trustee by its counsel.

LITIGATION

District

At the time of delivery of and payment for the Bonds, the District will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the District, threatened against the District affecting the existence of the District or the titles of its directors or officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Installment Purchase Agreement and the Indenture, or that would have a material adverse effect on the District's ability to pay the Series 2026 Installment Payments, or in any way contesting or affecting the validity or enforceability of the Bonds, the Indenture, the Installment Purchase Agreement or any action of the District contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the District or its authority with respect to the Bonds or any action of the District contemplated by any of said documents, nor to the knowledge of the District, is there any basis therefor.

Authority

At the time of delivery of and payment for the Bonds, the Authority will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the Authority, threatened against the Authority affecting the existence of the Authority or the titles of its directors or officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Installment Purchase Agreement and the Indenture, or that would have a material adverse effect on the Authority's ability to pay the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Indenture, the Installment Purchase Agreement or any action of the Authority contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the Authority or its authority with respect to the Bonds or any action of the Authority contemplated by any of said documents, nor to the knowledge of the Authority, is there any basis therefor.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted that, with respect to applicable corporations as defined in Section 59(k) of the Code, generally certain corporations with more than $1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the Authority, the District and others and is subject to the condition that the Authority and the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Authority and the District have covenanted to comply with all such requirements.

In the opinion of Bond Counsel, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner's basis in the applicable Bond. The amount of original issue discount that accrues to the Beneficial Owner of a Bond is excluded from the gross income of such Beneficial Owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received with respect to the Bonds), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The IRS has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar municipal obligations). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE BONDS, INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth LLP.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the Authority and the District continue to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) on the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

Should interest (and original issue discount) on the Bonds become includable in gross income for federal income tax purposes, the Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

A complete copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix C.

CONTINUING DISCLOSURE

The District has covenanted in a Continuing Disclosure Agreement, dated as of the date of issuance of the Bonds (the "**Continuing Disclosure Agreement**"), by and between the District and Ridgeline Municipal Strategies, LLC, as dissemination agent (the "**Dissemination Agent**") for the benefit of the Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District by not later than each March 31 following the end of the District's Fiscal Year (currently its Fiscal Year ends on June 30) (the "**Annual Report**"), commencing March 31, 2026 with the Annual Report for the Fiscal Year ending June 30, 2025, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the District or the Dissemination Agent with EMMA. The specific nature of the information to be contained in the Annual Report and the notice of enumerated events is set forth in Appendix E.

In the last five years, the District has not failed to comply in all material respects with its previous undertakings under Section (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission, as amended, except that its Annual Report for fiscal year 2019-20 was filed 33 days late and the District did not file a failure to timely file notice in connection therewith.

RATING

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("**S&P**"), has assigned the Bonds the rating of "AAA".

There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that a rating may not be lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Such rating reflect only the views of S&P, and an explanation of the significance of such rating may be obtained from S&P. Generally, rating agencies base their rating on information and materials furnished to them (which may include information and material from the District that is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The District has covenanted in the Continuing Disclosure Agreement to file notices of any rating changes on the Bonds with EMMA. See the caption "CONTINUING DISCLOSURE" and Appendix E. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date by which the District is obligated to file a notice of rating change. Purchasers of the Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current rating with respect to the Bonds after the initial issuance of the Bonds.

In providing a rating on the Bonds, certain rating agencies may have performed independent calculations of coverage ratios using their own internal formulas and methodology, which may not reflect the provisions of the Indenture or the Installment Purchase Agreement. The District makes no representations as to any such calculations, and such calculations should not be construed as a representation by the District as to past or future compliance with any financial covenants, the availability of particular revenues for the payment of debt service or for any other purpose.

MUNICIPAL ADVISOR

The District has retained Ridgeline Municipal Strategies, LLC, of Rocklin, California (the "**Municipal Advisor**") as its municipal advisor in connection with the sale of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained herein.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

UNDERWRITING

The Bonds were sold by competitive bid on February __, 2026 and awarded by the Authority on that date to _________ (the "**Purchaser**") as the successful bidder, in accordance with a Notice Inviting Proposals for Purchase of Bonds (the "**Official Notice of Sale**"). The Purchaser has agreed to purchase the Bonds at the initial purchase price of $___________ (which represents the aggregate principal amount of the Bonds, plus an original issue premium of $______, less purchaser's discount of $_____). The Official Notice of Sale provides that the Purchaser will purchase all of the Bonds. The obligation to make such purchase is subject to certain terms and conditions set forth in the Official Notice of Sale. The Purchaser may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the cover page hereof. The offering prices may be changed from time to time by the Purchaser.

MISCELLANEOUS

Insofar as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of such statements made will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the Owners of the Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Authority and the District.

MARIN PUBLIC FINANCING AUTHORITY

By: ______________________________
Executive Director

LAS GALLINAS VALLEY SANITARY DISTRICT

By: ______________________________
General Manager

APPENDIX A

DISTRICT FINANCIAL STATEMENTS

Las Gallinas Valley Sanitary District

San Rafael, California

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025


Biowheel aeration system

Las Gallinas
VALLEY SANITARY DISTRICT

San Rafael, California

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025

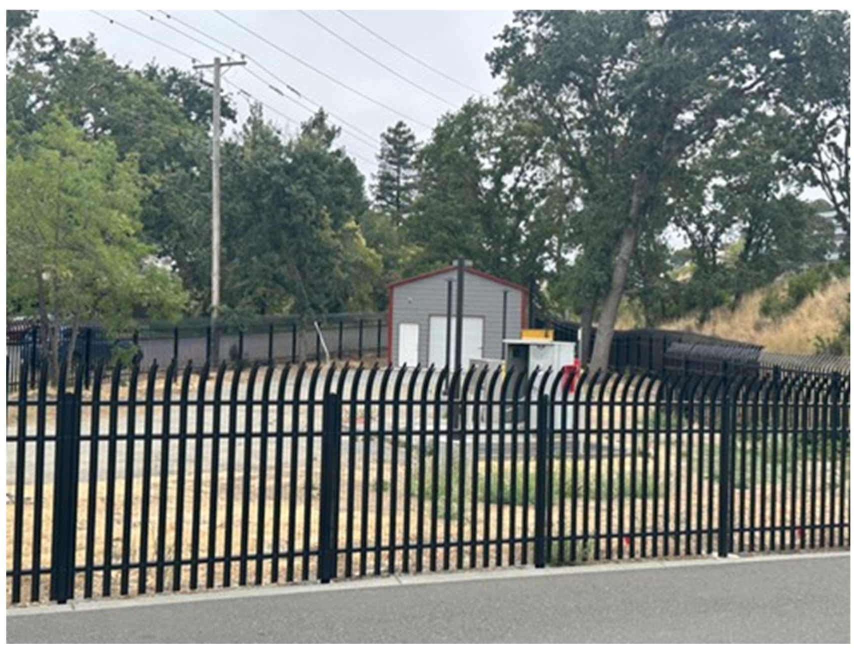
Curtis Paxton
General Manager

Prepared by:

Dale McDonald
Administrative Services Manager

Treatment Plant

Secondary Effluent Pipeline Construction


Rafael Meadows Pump Station Improvements

Las Gallinas Valley Sanitary District

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Las Gallinas Valley Sanitary District

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INTRODUCTORY SECTION

Reclamation pond

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San Rafael, CA 94903
Tel.: 415-472-1734
Fax: 415-499-7715
www.LGVSD.org

MANAGEMENT TEAM
General Manager, Curtis Paxton
Plant Operations, Don Moore
Collections/Safety/Maintenance, Greg Pease
Engineering, Michael P. Cortez
Administrative Services, Dale McDonald

December 4, 2025

To the Ratepayers and Honorable Board of Directors of
Las Gallinas Valley Sanitary District
San Rafael, California

It is our pleasure to submit this Annual Comprehensive Financial Report (ACFR) of the Las Gallinas Valley Sanitary District (District) for the fiscal year ended June 30, 2025 (FY2025). This report was prepared by the District staff that collected and analyzed the financial statements and other information presented herein.

This ACFR was prepared by District staff in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP). Recommended guidelines by the Government Finance Officers Association (GFOA) of the United States and Canada were also followed.

California law requires that every local government publish a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2025.

The management of the District assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive system of internal controls that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The District's basic financial statements have been audited by Nigro & Nigro, PC a registered public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2025 are fairly presented in conformity with GAAP and are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statements presentation. No material financial matters of concern were identified. Their audit report is presented as the first component of the financial section of this report.

The ACFR represents the culmination of all budgeting and accounting activities engaged in by management during the fiscal year. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A) which is presented after the independent auditors' report. This letter of transmittal and introduction is designed to complement the MD&A and should be read in conjunction with it.

FINANCIAL CONTROLS AND ACCOUNTING SYSTEMS

Internal Controls

To ensure that accounting data is compiled and properly recorded, and to permit the preparation of financial statements in accordance with generally accepted accounting principles, the management staff of the District is responsible for establishing and maintaining an accounting system and internal controls structure. These controls are designed to ensure that the assets of the District are adequately protected from loss, theft, unauthorized use or disposition, or other misuse. The internal controls structure is designed to provide reasonable, but not absolute, assurance that this objective is met while recognizing that: (1) the cost of the controls should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgment by management. We believe that the District's internal accounting controls adequately safeguard its assets and provide reasonable assurance that financial transactions are recorded properly and are free of any material misstatements.

Budgetary Controls

The District is not explicitly required by statute to adopt a budget; however, in its commitment to maintain fiscal responsibility, the District adopts an annual budget prior to June 30th each year. The District establishes its appropriations limit in compliance with Article XIIIB of the California Constitution and Cal. Government Code Sec 7910 as part of its annual budget process. In preparation for drafting a budget, management reviews the 5-year Strategic Plan to incorporate the strategic goals and visions for the upcoming year. The budget outlines and reflects the major elements of the upcoming fiscal year operating and capital plans, from which management allocates funds that are necessary for specific departmental activities and capital projects. Management integrates these priorities into the annual budget. In June 2023, the Board accepted a four-year sewer rate study, incorporating the projected expenditures of a 7-year Capital Improvements Plan (CIP) from 2023 through 2031. A significant investment for the Laboratory/Education/Boardroom, corporation yard, and collection system and treatment plant upgrades is included in the CIP along with the construction of the new Administration and Operation Control Center building. In June 2024, the Board adopted the budget for Fiscal Year 2024-25. Budgetary control is maintained at the detailed line-item level. For purchases in excess of $15,000, staff informs the Board of Directors regarding the item as soon as administratively feasible by placement on the warrant transmittal list. For consultant contracts the GM's signature authority is up to $60,000 during the audit period. The Board of Directors retains the exclusive authority to increase annual budget authority for Operational Expenditures. If total operating expenditures are expected to exceed the General Manager's signing authority as of the most recently prepared quarterly financial statement, the matter shall be brought to the Board's attention so that a budget amendment may be duly approved by the Board.

Accounting System

Las Gallinas Valley Sanitary District is an independent special district. The District's accounting structure, insofar as practical and in accordance with GAAP, complies with the Uniform System of Accounts for Wastewater Disposal Districts provided by the California State Controller's office.

The District reports its activities as an Enterprise Fund under the broad category of funds called proprietary funds. The District uses the full accrual basis of accounting. The District tracks expenditures by department, with each department delineated by function and specific activity, in order to provide management and the Board with better cost control measures. At the end of each fiscal year, these costs are combined to arrive at the financial position and results of operations reflected in the District's basic financial statements.

HISTORY AND PROFILE OF THE DISTRICT

The District was established on April 6, 1954 pursuant to the California Health and Safety Code, Division 6 – Sanitary District Act of 1923. The District is located 20 miles north of San Francisco, just north of and including the northern portion of the City of San Rafael. It covers an area of about sixteen square miles in the northern part of the City of San Rafael and surrounding unincorporated areas in Marin County, California, including the communities of Lucas Valley, Marinwood, Santa Venetia and Terra Linda. The District's boundaries are Hamilton Field (a former air force base) to the north, San Pablo Bay to the east, and central San Rafael to the south. The District serves a population of approximately 30,000 people. The District is primarily residential and built out, resulting in a fairly stable customer base. As of June 30, 2025, the connections are 96.45% residential (12,509 units) and 3.55% commercial/industrial (342 units); however, the revenue from these connections is 78.98% residential and 21.02% commercial.

Financing Activities

The District has completed a multi-year, multi-million-dollar Secondary Treatment Plant Upgrade and, Recycled Water Expansion (STPURWE) construction project which upgraded the treatment plant to meet more stringent regulatory requirements and allow the District to fully serve Marin Municipal Water District's recycled water customers. The $41 million in bond proceeds that were issued in 2017 to fund the projects has been drawn down and exhausted in October 2020. In addition, the District secured $12 million in additional financing from the California Infrastructure & Economic Developmental Bank (iBank) for the STPURWE project. As of June 30, 2025 $11,432,240 of these funds have been received with the remaining retention balance of $567,760 to be disbursed upon filing of Notice of Completion.

Sewage Collection

- The District operates a sanitary sewer collection system comprised of approximately 105 miles of gravity sewer lines, 6.72 miles of force mains, and 28 pump stations. There are 2,985 manholes and approximately 52.5 miles of privately owned laterals.
- The District continuously televises its sewer mains; the process requires four years to televise all of the system. Televising these lines allows District staff to identify future repair and replacement projects, as well as monitor the integrity of the system.
- The District previously performed smoke testing of the District's sewer mains and laterals to detect leaks in the collection system. It is a process whereby smoke is blown into the sewer mains, lower and upper laterals, to determine where there may be cracked pipes or storm water cross connections. This process helps to identify where there may be Infiltration and Inflow (I&I) into the sewage collection system. I&I is a major concern for wastewater treatment plants since large storms may produce flows that overwhelm the capacity of the sewage collection system and possibly the plant, resulting in sewage spills, plant violations, overflows and fines. The District has contracted to perform a hydraulic study of the collection system to help prioritize capacity related upgrades. While the study is underway, additional smoke testing may be performed on sewer line segments where I&I has been identified as a concern.

Sewage Treatment

- The District operates a sewage treatment plant with a permitted dry weather average capacity of 2.92 million gallons per day (MGD).
- The District treated an average daily flow of 2.63 MGD of sewage per day in FY 2024-25. All influent flow is treated. Some flows are "treated" to higher levels (Recycled Water) and some to lower levels (Blending during storm events).
- The District's treatment plant uses primary treatment to separate the solids from the wastewater; biowheels to provide secondary treatment. Treated effluent is disposed of through discharge pipes into Miller Creek which flows to San Pablo Bay during discharge season, November through May. Discharge coincides with wet weather when treated effluent can be diluted by higher levels of bay water due to rain.
- All readily settleable solids and grit are removed from the wastewater stream; grit is then disposed of in a landfill. The solids are treated by gravity thickening and anaerobic digestion, and then pumped to one or more of three storage ponds, where they are typically retained for one year prior to injection and surface disposal on District owned property. The treatment plant produced approximately 2.0 Million Gallons of Class B biosolids at the treatment plant and removed from the sludge lagoons.

Reuse of Treated Wastewater

- The District is producing recycled water year-round to meet increasing demand during the dry months of summer and fall. In the past, recycled water was predominately used during the summer months, which aligned with the District's non discharge period of June through October.
- The District has a water reclamation project on 385 acres of diked bay lands located to the northeast of the treatment plant. This project includes a 20-acre wildlife marsh pond, 40 acres of storage ponds, 200 acres of irrigated pasture, and 3.5 miles of public trails which are part of the San Francisco Bay Trail. During FY 2024/25, 20.92 million gallons were used for pasture irrigation of organic hay crops.
- The District delivers tertiary treated recycled water to Marin Municipal Water District (MMWD), so that it can be used for irrigation of landscapes, including golf courses and playing/ recreation fields, dual plumbing for toilet flushing, air-conditioning cooling towers, and car washes within the District's boundaries. In 2017, the District reached an agreement with MMWD to expand the District's recycled water treatment plant to provide tertiary treated wastewater which can then be distributed to MMWD's customers. MMWD decommissioned its existing plant, which was located on the District's property, to allow for construction of STPURWE project. As part of the agreement, MMWD made a capital contribution towards the existing facility and makes payments towards outstanding debt which was issued to build the existing facility and for the expansion. The expansion began construction in December 2018 and the recycled water facility was completed in March 2021 with the treatment plant upgrade completed in 2024.

- The District's new expanded recycled water treatment facility, online since March 2021, has a design capacity of over 5 million gallons per day. The completed expansion effectively quadrupled its capacity. The recycled water delivery from the expanded facility is now being provided to the North Marin Water District (NMWD) and the Marin Municipal Water District (MMWD), who then sell it for use in landscape irrigation, car washes, cooling towers, commercial laundries, and toilet flushing. The District produced 354 million total gallons with 65.1 to NMWD and 234.3 million gallons for MMWD during FY 2024-25.

Lab and Public Outreach

- The District operates its own lab which collects samples, completes analysis, and performs other testing to comply with the plant discharge permit issued by the State Water Resources Control Board.
- Central Marin Sanitation Agency and District lab staff members manage the source control program. This includes a Fats Oils and Grease (FOG) Program that is designed to prevent customers from discharging substances that are harmful to the sewage treatment process or that may cause clogs to sewer mains and pump stations.
- Lab staff members participate in the Marin County Sanitation Agencies Public Education Program. This program allows participating agencies to combine resources and have a unified message to educate the public about the proper disposal of and to collect pharmaceuticals, mercury, batteries and other household hazardous waste in the County. They participate in programs with school children, the Marin County Fair and various farmers' markets and festivals.
- The District offers tours of the plant treatment works and enhanced wetlands upon request from schools, community groups and other members of the public.
- The District produces a newsletter at least twice a year to educate the public about the sewer collection system, treatment plant and their sewer laterals.
- The District has a website at www.lgvsd.org where it posts current developments, public education topics and information about what is happening at the Board meetings, the plant and in the District.
- The District was awarded the District Transparency Certificate of Excellence by the Special District Leadership Foundation during July 2015, 2017, 2019, and September 2022 in recognition of its outstanding efforts to promote transparency and good governance. The biennial award period that began in 2019 was extended through 2022 due to the COVID pandemic. The award in 2022 is through September 2025.

Solid Waste (Garbage) Services and Recycling

The District manages the refuse hauling service for the unincorporated areas in its District. The franchise has been awarded to Marin Sanitary Service which provides curbside recycling, solid waste, yard waste and food scraps hauling, and safe hazardous waste disposal services that are helping achieve Marin County's goal of zero waste.

Compared to neighboring jurisdictions, the District's customers in the unincorporated area enjoy one of the lowest garbage and recycling rates. As of January 1, 2025, residential customers pay a monthly service fee of $41.20 for a 20-gallon cart and $48.46 for a 32-gallon cart. This is below the Marin County $57.18 per month average for a 32-gallon cart.

ECONOMIC CONDITIONS AND OUTLOOK

The District is comprised primarily of residential units with commercial and some light industrial areas. It is substantially built out with in-fill developments in pockets of undeveloped land and redevelopment of commercial areas that were built over twenty years ago. Marin County adopted their 2023-2031 Housing Element Update (6th cycle) on January 24, 2023 which identified sites that may be eligible for in-fill development or converted land use. The District does not expect a significant number of or large new, customers in the near future, but is anticipating conversion of a few larger commercial areas into mixed/residential use. A capital facilities charge study was completed in December 2022. The capital facilities charge is $8,266 effective January 5, 2024 and is reviewed and may be adjusted by the Engineering News Record Construction Cost Index for San Francisco annually.

The Board adopted a four-year rate review and capital improvement plan in June 2023, which provided for an annual sewer user charge rate of $1,356 effective July 1, 2024. This rate, when combined with the average property tax revenue received by the District per single family dwelling unit, is below the average for neighboring agencies in Marin County. Each year, the Board reviews the operating and capital needs of the District to determine the revenue requirements in setting the upcoming rate.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Las Gallinas Valley Sanitary District for its ACFR for the year ended June 30, 2024. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

This ACFR is the culmination of the hard work and dedication of many District employees and the audit team under the direction of Paul J. Kaymark, CPA of the accounting firm Nigro & Nigro, PC. Las Gallinas Valley Sanitary District staff would like to acknowledge the support of the Board for its continuing direction and oversight in providing value to the community of San Rafael.

Curtis Paxton
General Manager

Dale McDonald
Administrative Services Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Las Gallinas Valley Sanitary District
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

Las Gallinas Valley Sanitary District

Annual Comprehensive Financial Report

Mission Statement

Our Mission

The Mission of the Las Gallinas Valley Sanitary District is to protect public health and our environment, providing effective wastewater collection, treatment, and resource recovery.

Vision

Recognizing that sanitation and wastewater treatment is vital to protecting the public health, in the course of normal operations the District will:

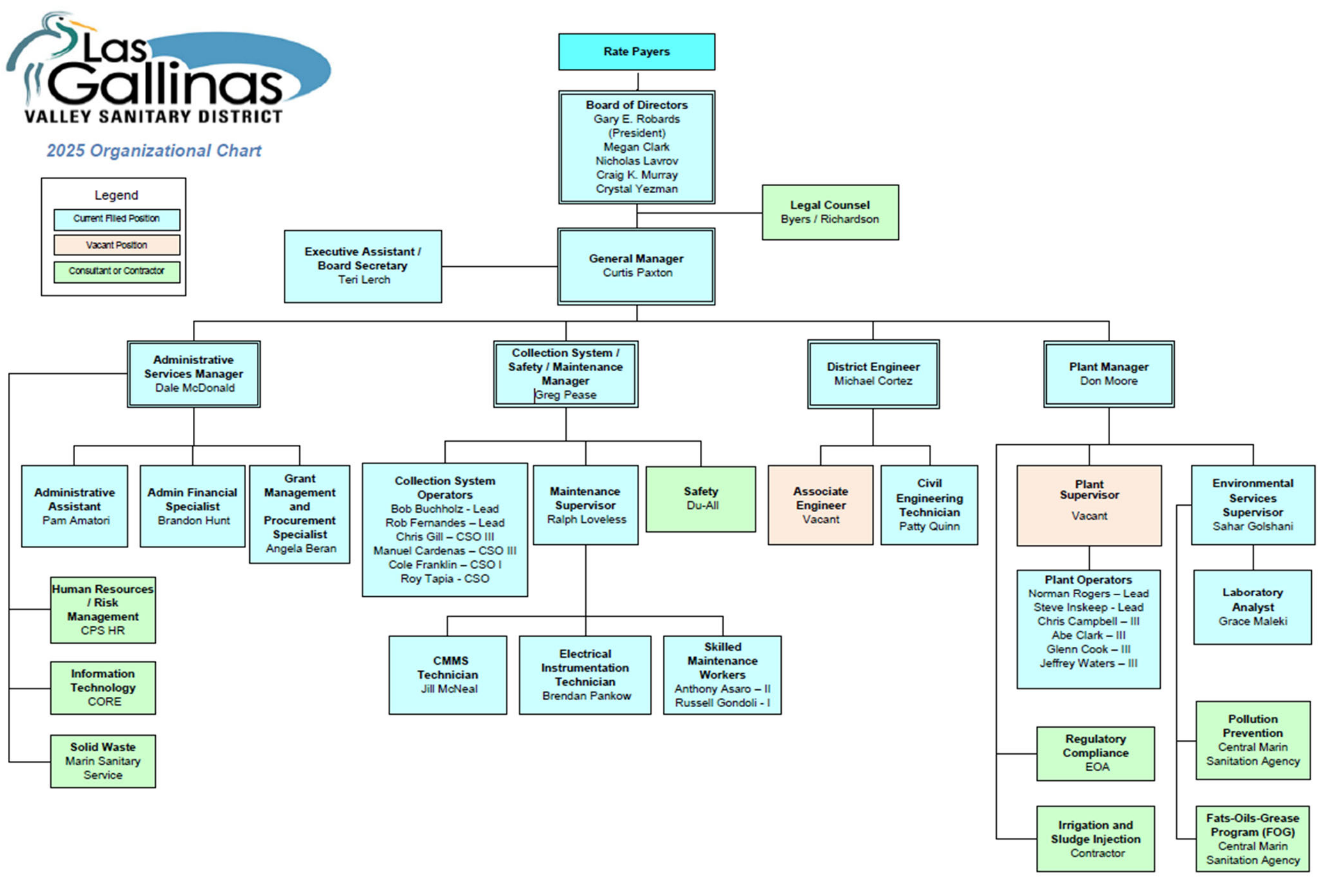
- Manage our treatment and collection systems in a planned and sustainable way to reduce impact on natural resources;
- Proactively manage risks created by cli- mate change, sea level rise, fire, earthquakes and flooding when developing and designing projects ('through the lens');
- Create and maintain a more suitable work- place to promote a sustainable, motivated, long-term and cohesive workforce;
- Provide high-quality, transparent, and accessible customer service;
- Strive for zero spills;
- Meet or exceed regulatory requirements for treatment (effluent, emissions and biosolids);
- Strive toward beneficial recycling of waste- water, biosolids and other resources using safe and effective processes and systems to achieve our zero-waste vision;
- Collaborate with neighboring agencies to achieve efficiencies for the public;
- Cooperate with stakeholders to leverage opportunities for protecting the Bay and regional water resources;
- Increase public education, acceptance and understanding of what we do;
- Promote the District through industry participation and seek industry competitive awards;
- Responsibly manage the refuse franchise;
- Use public funds responsibly;
- Aggressively seek grant and financial opportunities for support of District priorities.

Our Core Values

- Protect Public Health and the Environment.
- Provide High Quality Customer Service.
- Use Public Funds Responsibly.
- Maintain a Safe and Challenging Workplace.

Las Gallinas Valley Sanitary District

Annual Comprehensive Financial Report



Las Gallinas Valley Sanitary District

Annual Comprehensive Financial Report

Directory of Officials

Board of Directors

Megan Clark	Director	12/08/2022 – 12/04/2026[1]
Crystal Yezman	Director	12/08/2022 – 12/04/2026[1]
Nicholas Lavrov [2]	Director	12/06/2024 – 12/06/2026[1]
Craig K. Murray	Director	12/06/2024 – 12/06/2028[1]
Gary Robards	Director	12/06/2024 – 12/06/2028[1]

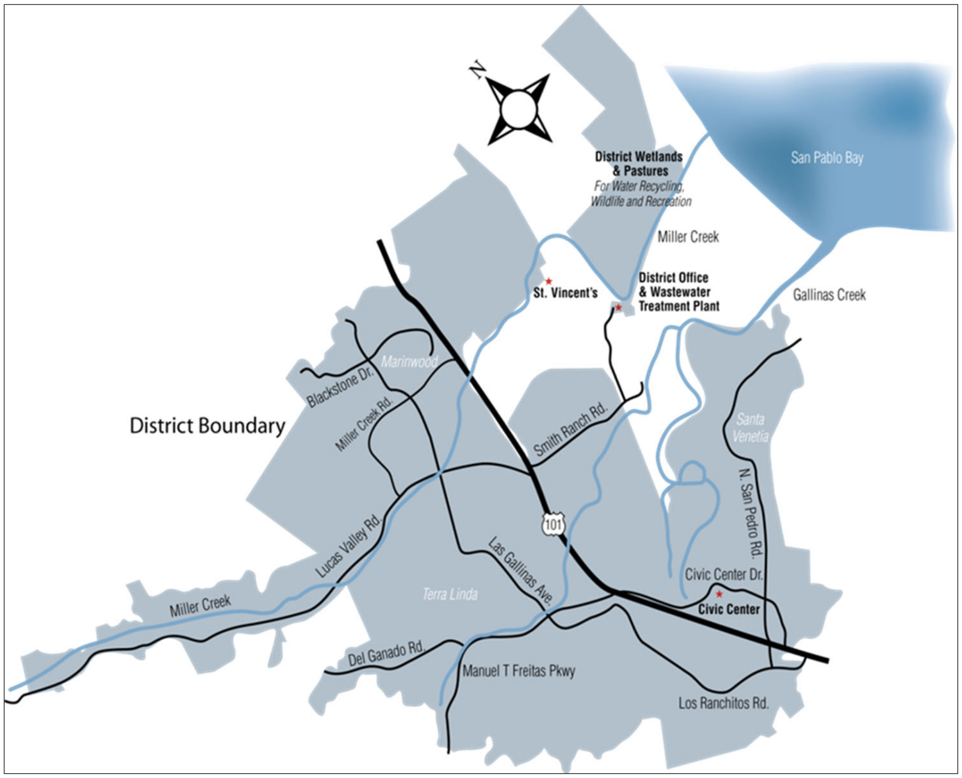
Administration

Curtis Paxton	General Manager
Michael P. Cortez, P.E.	District Engineer
Teresa Lerch	Executive Assistant / Board Secretary
Don Moore	Plant Manager
Greg Pease	Collection System/Safety Manager
Dale McDonald	Administrative Services Manager

(1) The California Voter Participation Rights Act amended the Elections Code to prohibit the District from holding its elections in years other than when a statewide election occurs. The law also allowed Board members to extend their terms by one year to coincide with the next statewide election date.

(2) Director Ford resigned on March 8, 2024. Director Nitzberg was appointed to serve out the term, and was appointed in-lieu of election and sworn in on May 6, 2024. Nicholas Lavrov was elected on November 5, 2024 and took office on December 6, 2024.

Las Gallinas Valley Sanitary District
Annual Comprehensive Financial Report
District Service Area



FINANCIAL SECTION

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A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT

Board of Directors
Las Gallinas Valley Sanitary District
San Rafael, California

Opinion

We have audited the accompanying financial statements of the Las Gallinas Valley Sanitary District (District), which comprise the balance sheet as of June 30, 2025, and the related statement of revenue, expenses, and changes in net position, and cash flows for the year then ended, and related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2025, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principal

As described in Notes 1, 7, and 15 to the financial statements, as of July 1, 2024, the District adopted new accounting guidance, GASB Statement No. 101, Compensated Absences and Statement No. 102, Certain Risk Disclosures. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Jeff Nigro, CPA, CFE | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA | Jared Solmonsen, CPA

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the District's Proportionate Share of the Plan's Net Pension Liability, Schedule of the District's Contributions to the Pension Plan, Schedule of Changes in the District's Net OPEB Liability and Related Ratios, and Schedule of the District's Contributions to the OPEB Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The introductory, other information and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2024, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued a separate report dated December 4, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nigro & Nigro, PC

Walnut Creek, California
December 4, 2025

Management's Discussion and Analysis (MD&A) offers readers of Las Gallinas Valley Sanitary District's financial statements a narrative overview of the District's financial activities for the year ended June 30, 2025. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- In fiscal year 2025, the District's net position increased 1.51% or $1,564,526 from the prior year's net position of $103,463,805 to $105,028,331, as a result of the year's operations.
- In fiscal year 2024, the District's net position increased 6.08% or $5,933,770 from the prior year's net position of $97,530,035 to $103,463,805, as a result of the year's operations.
- In fiscal year 2025, operating revenues increased by 9.87% or $1,866,000 from $18,898,440 to $20,764,440 from the prior year, primarily due to an increase in sewer use assessments and charges revenue.
- In fiscal year 2024, operating revenues increased by 8.47% or $1,476,291 from $17,422,149 to $18,898,440 from the prior year, primarily due to an increase in sewer use assessments and charges revenue.
- In fiscal year 2025, operating expenses before depreciation expense increased by 17.40% or $2,161,106 from $12,420,373 to $14,581,479 from the prior year, primarily due to increases in sewage collection and pump stations, sewage treatment, sewage and solid waste disposal and general and administrative expenses.
- In fiscal year 2024, operating expenses before depreciation expense increased by 13.02% or $1,430,374 from $10,989,999 to $12,420,373 from the prior year, primarily due to increases in sewage collection and pump stations, sewage treatment, and general and administrative expenses.

REQUIRED FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Balance Sheet, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Balance Sheet includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's net position and changes in them. You can think of the District's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation.

Condensed Balance Sheets

	June 30, 2025	June 30, 2024	Change	June 30, 2023	Change
Assets:					
Current assets	$ 27,797,337	$ 32,883,449	$ (5,086,112)	$ 30,596,319	$ 2,287,130
Non-current assets	1,179,360	1,162,723	16,637	1,188,141	(25,418)
Capital assets, net	130,877,246	125,264,681	5,612,565	123,497,169	1,767,512
Total assets	159,853,943	159,310,853	543,090	155,281,629	4,029,224
Deferred outflows of resources	2,467,211	3,053,074	(585,863)	2,998,337	54,737
Total assets and deferred outflows of resources	$ 162,321,154	$ 162,363,927	$ (42,773)	$ 158,279,966	$ 4,083,961
Liabilities:					
Current liabilities	$ 6,943,847	$ 5,582,542	$ 1,361,305	$ 4,712,396	$ 870,146
Non-current liabilities	49,591,877	52,566,531	(2,974,654)	54,916,413	(2,349,882)
Total liabilities	56,535,724	58,149,073	(1,613,349)	59,628,809	(1,479,736)
Deferred inflows of resources	757,099	751,049	6,050	1,121,122	(370,073)
Net position:					
Net investment in capital assets	84,241,266	76,244,574	7,996,692	71,605,554	4,639,020
Restricted for debt service	918,249	913,717	4,532	909,196	4,521
Unrestricted	19,868,816	26,305,514	(6,436,698)	25,015,285	1,290,229
Total net position	105,028,331	103,463,805	1,564,526	97,530,035	5,933,770
Total liabilities, deferred outflows of resources and net position	$ 162,321,154	$ 162,363,927	$ (42,773)	$ 158,279,966	$ 4,083,961

Current assets – decreased by $5,086,112 in 2025 primarily due to a decrease in cash held in investments for use towards operating and capital expenditures.

Non-current assets – increased by $16,636 in 2025 primarily due to an increase in private sewer lateral assistance program advances.

Capital assets, net of accumulated depreciation – increased by $5,612,565 in 2025 primarily due to the increase in construction-in-progress projects related to the solar photo-voltaic system and annual sewer main collection system rehabilitation program.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Condensed Balance Sheets (continued)

Deferred outflows of resources – decreased by $585,863 in 2025 due to the changes in the pension and other postemployment retirement benefits related items in accordance Government Accounting Standards Board No. 68, *Financial Reporting for Pension Plans* (GASB No. 68) and No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB No. 75).

Current liabilities – increased by $1,361,304 in 2025 as more outstanding accounts payable and accrued expenses were outstanding compared to the prior year.

Noncurrent liabilities – had decreased by $2,974,654 in 2025 primarily due to scheduled long-term debt principal repayments made in the fiscal year.

Deferred inflows of resources – increased $6,050 in 2025 primarily due to an increase of $64,844 in other postemployment benefit deferred inflows based upon revised actuarial assumptions and differences between actual and expected experience under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB No. 75).

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by $105,028,331 as of June 30, 2025.

By far the largest portion of the District's net position (80% as of June 30, 2025) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

At the end of fiscal year 2025, the District showed a positive balance in its unrestricted net position of $19,868,816 which includes $910,522 held as investments in the State of California Local Agency Investment Fund (LAIF), $527,905 in California Cooperative Liquid Assets Securities System (CLASS) and $19,627,949 in California Asset Management Program (CAMP) Pool of which $17,375,753 has been designated for District reserves; operating & rate stabilization, capital, emergency repair, and vehicle equipment reserves.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	June 30, 2025	June 30, 2024	Change	June 30, 2023	Change
Operating revenues	$ 20,764,440	$ 18,898,440	$ 1,866,000	$ 17,422,149	$ 1,476,291
Operating expenses	(14,581,479)	(12,420,373)	(2,161,106)	(10,989,999)	(1,430,374)
Operating income before depreciation	6,182,961	6,478,067	(295,106)	6,432,150	45,917
Depreciation and amortization expense	(6,858,052)	(3,215,545)	(3,642,507)	(3,619,251)	403,706
Operating income	(675,091)	3,262,522	(3,937,613)	2,812,899	449,623
Non-operating revenues(expenses), net	1,798,472	1,805,262	(6,790)	567,915	1,237,347
Capital contributions	441,145	865,986	(424,841)	717,526	148,460
Change in net position	1,564,526	5,933,770	(4,369,244)	4,098,340	1,835,430
Net position:					
Beginning of year	103,463,805	97,530,035	5,933,770	93,431,695	4,098,340
End of year	$ 105,028,331	$ 103,463,805	$ 1,564,526	$ 97,530,035	$ 5,933,770

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Condensed Statements of Revenues, Expenses, and Changes in Net Position (continued)

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years.

In fiscal year 2025, the District's net position increased 1.51% or $1,564,526 from the prior year's net position of $103,463,805 to $105,028,331, as a result of the year's operations.

Total Revenues

	June 30, 2025	June 30, 2024	Increase (Decrease)	June 30, 2023	Increase (Decrease)
Operating revenues:					
Sewer use assessments and charges	$ 20,502,458	$ 18,680,095	$ 1,822,363	$ 16,999,751	$ 1,680,344
Recycled water fees	185,819	113,735	72,084	246,090	(132,355)
Other operating revenues	76,163	104,610	(28,447)	176,308	(71,698)
Total operating revenues	20,764,440	18,898,440	1,866,000	17,422,149	1,476,291
Non-operating revenues:					
Property taxes	1,906,149	1,771,975	134,174	1,718,435	53,540
Franchise fees	184,371	175,202	9,169	166,059	9,143
Investment earnings	1,314,010	1,568,675	(254,665)	489,894	1,078,781
Sale of capital assets	11,500	-	11,500	-	-
Total non-operating revenues	3,416,030	3,515,852	(99,822)	2,374,388	1,141,464
Total revenues	$ 24,180,470	$ 22,414,292	$ 1,766,178	$ 19,796,537	$ 2,617,755

Operating revenue increased in 2025 by $1,866,000 consistent with the increase to the prior year. While the sewer service charge (SSC) rate increase of 9.9% was imposed for fiscal year 2025, it was the primary source of the increased revenue. The District, being in its second year of a four-year rate plan, has seen that SSC revenue has returned to normal after COVID-19 drop in commercial revenue in prior years. It is expected that SSC revenue will increase approximately 10% per year over the remaining 2 years.

Non-operating revenues decreased as investment earnings decreased due to decreased interest rate returns in CAMP and California CLASS investment accounts.

Connection fees – are primarily dependent on the level of densification of existing development with the District. In previous years, development has consisted of decentralized development rather than new greenfield development. In 2024 and 2025, larger projects along with proposed site conversion project applications, have been submitted to the District resulting in an increase in connection fee revenue collected to reserve system capacity. Developers have the option to pay their connection fees over a two-year period with only 10% required as their initial payment. Right for capacity is secured once the entire connection fee is paid in full. Connection fee contributions decreased to $63,939 in 2025, compared to $450,374 revenue in 2024. There is no guarantee that the connection fee revenue will continue to grow at the current pace.

Marin Municipal Water District (MMWD) capacity purchase – are for the purchase of capacity from the previous recycled water treatment facility and its proportionate share of the expanded facility expenditures recently incurred as part of the STPURWE project.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Expenses

	June 30, 2025	June 30, 2024	Increase (Decrease)	June 30, 2023	Increase (Decrease)
Operating expenses:					
Sewage collection and pump stations	$ 3,614,333	$ 3,058,514	$ 555,819	$ 2,741,055	$ 317,459
Sewage treatment	4,676,833	4,018,207	658,626	3,671,060	347,147
Sewage and solid waste disposal	779,944	433,547	346,397	712,974	(279,427)
Laboratory	624,240	524,678	99,562	534,204	(9,526)
Engineering	1,110,827	1,050,347	60,480	937,443	112,904
Recycled Water	152,028	83,536	68,492	102,306	(18,770)
General and administrative	3,623,274	3,251,544	371,730	2,290,957	960,587
Total operating expenses	14,581,479	12,420,373	2,161,106	10,989,999	1,430,374
Depreciation and amortization expense	6,858,052	3,215,545	3,642,507	3,619,251	(403,706)
Non-operating expenses:					
Interest expense	1,617,558	1,710,590	(93,032)	1,806,473	(95,883)
Total non-operating expenses	1,617,558	1,710,590	(93,032)	1,806,473	(95,883)
Total expenses	$ 23,057,089	$ 17,346,508	$ 5,710,581	$ 16,415,723	$ 930,785

Operating expenses before depreciation expense – increased by 17.40% or $2,161,106 from $12,420,373 to $14,581,479 from the prior year, primarily due to increases in sewage collection and pump stations, sewage treatment, sewage and solid waste disposal and general and administrative expenses.

Recycled water – expenses increased once the new recycled water plant was brought online in March 2021. Operation and maintenance expenses for recycled water production has increased in 2025 and therefore the recoverable revenue collected from the Marin Municipal Water District and North Marin Water District has also increased.

Interest expense – decreased by $93,032 as the District continues to make scheduled payments on its outstanding debt.

Capital Assets

Capital assets:	Balance June 30, 2025	Balance June 30, 2024	Balance June 30, 2023
Non-depreciable assets	$ 17,235,828	$ 7,103,350	$ 75,608,448
Depreciable assets	192,599,139	190,828,803	117,340,648
Accumulated depreciation	(78,957,721)	(72,667,472)	(69,451,927)
Total capital assets, net	$ 130,877,246	$ 125,264,681	$ 123,497,169

At the end of year 2025, the District's investment in capital assets amounted to $130,877,246 (net of accumulated depreciation), respectively. Capital asset additions amounted to $12,470,617 for various projects and equipment. See Note 6 for further information.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Capital Assets (continued)

The major capital construction projects and activities for the fiscal year ended June 30, 2025 were:

- Rafael Meadows pump station
- Digester Improvement
- Standby generator upgrade at Treatment Plant
- Sludge Lagoon liner
- New Vactor Flusher truck

Debt Administration

The long-term debt of the District is summarized below:

Long-term debt:	Balance June 30, 2025	Balance June 30, 2024	Balance June 30, 2023
Long-term debt payable	$ 46,101,570	$ 48,987,467	$ 51,766,054
Right-to-use lease payable	539,935	47,632	150,020
	$ 46,641,505	$ 49,035,099	$ 51,916,074

Long-term debt decreased by a total of $2,885,897 for the year ended June 30, 2025. Principal payments were $2,764,544 and amortization of the debt premium amounted to $121,353. No additional long-term debt was taken out for the year ended June 30, 2025. See Note 9 for further information.

The Right-to-use lease payable increased by a total of $492,303 for the year ended June 30, 2025. This increase is due to the District renewing the lease for the building space on December 2024 for an additional 60-month period.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

ECONOMIC FACTORS, RATES AND BUDGETARY CONTROL

The District is a California Special District maintained as an enterprise fund. As a special district, charges to customers are made only to those who receive services. The District is not typically subject to general economic conditions such as increases or decreases in property tax values or other types of revenues that vary with economic conditions such as sales taxes. However, it does receive approximately 8% of its budget from property taxes which are dependent upon property tax valuations. Delinquent property tax payments will not materially impact the District as it participates in an optional alternative method for allocating delinquent property tax revenues. Using the accrual method of accounting under the Teeter Plan, Marin County allocates property tax revenues based on the total amount of property taxes billed, but not yet collected. The Teeter Plan allows counties to finance property tax receipts for local agencies, such as the District, by borrowing money to advance cash to each taxing jurisdiction in an amount equal to the current year's delinquent property taxes. There is always the possibility the State legislature changes the law in how future property tax revenue is allocated to special districts but the risk to the District remains small as just under 8% of its revenue comes from property taxes. Sewer Service Charges imposed by the District are placed on the property tax roll as a special assessment and, like property taxes under the Tetter Plan, delinquent tax payments by property owners will not materially impact the District. Accordingly, the District sets its user rates and capacity charges to cover the costs of operation, maintenance and recurring capital replacement and debt financed capital improvements, plus increments for known or anticipated changes in program costs.

The District, as a wastewater collection and treatment plant operator, is subject to increasing regulatory compliance regulations. These regulations require upgrades to plant and equipment, as well as increased staff to effectively operate the system. The District reviewed its operating and capital needs as part of a four-year sewer service rate study, with projected cash outflows studied through June 30, 2034 and a 7-year Capital Spending Plan through June 30, 2031. Most of the rate increase is for planned capital improvements, the largest of which is the new Multipurpose Laboratory and Education building, corporation yard, and Administration and Operations Control Center building with phased in construction planned to begin in 2025. Other substantial capital projects at the treatment plant and to the collection system are needed to improve wastewater processes to meet regulatory requirements.

The expected revenue from sanitary service charges for the fiscal year 2025-26 is $1,492 per Sanitary Unit. Expected Total Revenue is $20,539,767.

The District and its Board adopts an annual budget to serve as its formal financial plan. The Board sets all fees and charges required to fund the District's operations and capital programs. The budget is used as a key control device (1) to ensure Board approval for amounts set for operations and capital projects; (2) to monitor expenses and project progress; and (3) as compliance that approved spending levels have not been exceeded. All operating activities and capital activities of the District are included within the approved budget.

The District is monitoring the changes in the current financial and credit markets. Reserve funds are invested in two ways. The majority of funds are invested in the Districts investment accounts; California Cooperative Liquid Assets Security System (California CLASS), California Asset Management Program (CAMP), and the Local Agency Investment Fund (LAIF), which is an investment pool managed by the Treasurer of the State of California. The Treasurer's office is regularly informing the pool members of the impact of changes in the investment landscape on the portfolio. The balance is held in savings accounts with the local Bank of Marin. Community based banks tend to be more conservative in their lending decisions and retain funds within the locality. Funds on deposit with the bank are covered by insurance from the Federal Deposit Insurance Corporation up to $250,000. In addition, the funds are collateralized 110% by securities held in trust.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Administrative Services Manager, 101 Lucas Valley Rd., Suite 300, San Rafael, CA 94903 – (415) 472-1734.

LAS GALLINAS VALLEY SANITARY DISTRICT

Balance Sheets

June 30, 2025 (With Comparative Amounts as of June 30, 2024)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2025	2024
Current assets:		
Cash and cash equivalents (Note 2)	$ 25,917,941	$ 30,865,330
Accrued interest receivable	9,964	20,700
Accounts receivable (Note 4)	910,299	1,299,202
Private sewer later assistance program receivable (Note 5)	56,190	71,640
Inventory – materials and supplies	680,968	421,924
Prepaid expenses	221,975	204,653
Total current assets	27,797,337	32,883,449
Non-current assets:		
Restricted – cash and investments (Note 2 and 3)	918,249	913,717
Private sewer lateral assistance program receivable (Note 5)	261,111	249,006
Capital assets – not being depreciated (Note 6)	17,235,828	7,103,350
Capital assets – being depreciated, net (Note 6)	113,641,418	118,161,331
Total non-current assets	132,056,606	126,427,404
Total assets	159,853,943	159,310,853
Deferred outflows of resources:		
Deferred amounts related to refunding of long-term debt (Note 9)	5,525	14,992
Deferred amounts related to net OPEB liability (Note 10)	554,743	782,362
Deferred amounts related to net pension liability (Note 11)	1,906,943	2,255,720
Total deferred outflows of resources	2,467,211	3,053,074
Total assets and deferred outflows of resources	$ 162,321,154	$ 162,363,927
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued expenses	$ 3,229,631	$ 2,040,399
Deposits and unearned revenues	57,768	57,768
Accrued interest payable	432,289	452,079
Long-term liabilities – due within one year:		
Compensated absences (Note 7)	245,945	220,120
Right-to-use lease payable (Note 8)	111,888	47,632
Long-term debt payable (Note 9)	2,866,326	2,764,544
Total current liabilities	6,943,847	5,582,542
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 7)	573,872	513,613
Right-to-use lease payable (Note 8)	428,047	-
Long-term debt payable (Note 9)	43,235,244	46,222,923
Net OPEB liability (Note 10)	483,810	938,243
Net pension liability (Note 11)	4,870,904	4,891,752
Total non-current liabilities	49,591,877	52,566,531
Total liabilities	56,535,724	58,149,073
Deferred inflows of resources:		
Deferred amounts related to net OPEB liability (Note 10)	715,866	651,022
Deferred amounts related to net pension liability (Note 11)	41,233	100,027
Total deferred inflows of resources	757,099	751,049
Net position:		
Net investment in capital assets (Note 12)	84,241,266	76,244,574
Restricted for debt service (Note 3)	918,249	913,717
Unrestricted	19,868,816	26,305,514
Total net position	105,028,331	103,463,805
Total liabilities, deferred inflows of resources and net position	$ 162,321,154	$ 162,363,927

LAS GALLINAS VALLEY SANITARY DISTRICT

Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2025 (With Comparative Amounts as of June 30, 2024)

	2025	2024
Operating revenues:		
Sewer use assessments and charges	$ 20,502,458	$ 18,680,095
Recycled water fees	185,819	113,735
Other charges and services	76,163	104,610
Total operating revenues	20,764,440	18,898,440
Operating expenses:		
Sewage collection and pump stations	3,614,333	3,058,514
Sewage treatment	4,676,833	4,018,207
Sewage and solid waste disposal	779,944	433,547
Laboratory	624,240	524,678
Engineering	1,110,827	1,050,347
Recycled water	152,028	83,536
General and administrative	3,623,274	3,251,544
Total operating expenses	14,581,479	12,420,373
Operating income before depreciation and amortization	6,182,961	6,478,067
Depreciation and amortization expense	(6,858,052)	(3,215,545)
Operating income(loss)	(675,091)	3,262,522
Non-operating revenues(expenses):		
Property taxes	1,906,149	1,771,975
Franchise fees	184,371	175,202
Investment earnings	1,314,010	1,568,675
Interest expense	(1,617,558)	(1,710,590)
Sale of capital assets	11,500	-
Total non-operating revenues(expenses), net	1,798,472	1,805,262
Change in net position before capital contributions	1,123,381	5,067,784
Capital Contributions:		
Connection fees	63,939	450,374
MMWD capacity purchase	364,447	364,049
Recycled water capital repair and replacement	12,759	51,563
Total capital contributions	441,145	865,986
Change in net position	1,564,526	5,933,770
Net position:		
Beginning of year	103,463,805	97,530,035
End of year	$ 105,028,331	$ 103,463,805

LAS GALLINAS VALLEY SANITARY DISTRICT

Statements of Cash Flows

For the Fiscal Year Ended June 30, 2025 (With Comparative Amounts as of June 30, 2024)

	2025	2024
Cash flows from operating activities:		
Cash receipts from customers and others	$ 21,153,343	$ 18,465,549
Cash paid to employees for salaries and wages	(5,346,948)	(4,999,834)
Cash paid to vendors and suppliers for materials and services	(8,128,416)	(6,454,891)
Net cash provided by operating activities	7,677,979	7,010,824
Cash flows from non-capital financing activities:		
Proceeds from property taxes	1,906,149	1,771,975
Franchise fees	184,371	175,202
Advances for the private sewer lateral assistance program	(79,734)	(42,985)
Repayment from the private sewer lateral assistance program	83,080	80,202
Net cash provided by non-capital financing activities	2,093,866	1,984,394
Cash flows from capital and related financing activities:		
Right-to-use lease payable	602,970	-
Acquisition and construction of capital assets	(12,470,617)	(4,983,057)
Principal paid on right-to-use leased asset	(110,667)	(102,388)
Principal paid on long-term debt	(2,764,544)	(2,657,234)
Interest paid on long-term debt	(1,748,378)	(1,841,410)
Proceeds from the sale of capital assets	11,500	-
Connection fees	63,939	450,374
MMWD capacity purchase	364,447	364,049
Recycled water capital repair and replacement	12,759	51,563
Net cash used in capital and related financing activities	(16,038,591)	(8,718,103)
Cash flows from investing activities:		
Investment earnings	1,323,889	1,729,742
Net cash provided by investing activities	1,323,889	1,729,742
Net increase(decrease) in cash and cash equivalents	(4,942,857)	2,006,857
Cash and cash equivalents:		
Beginning of year	31,779,047	29,772,190
End of year	$ 26,836,190	$ 31,779,047
Reconciliation of cash and cash equivalents to the balance sheet:		
Cash and cash equivalents	$ 25,917,941	$ 30,865,330
Restricted – cash and investments	918,249	913,717
Total cash and cash equivalents	$ 26,836,190	$ 31,779,047

	2025	2024
Reconciliation of operating income(loss) to net cash provided by operating activities:		
Operating income(loss)	$ (675,091)	$ 3,262,522
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:		
Depreciation and amortization	6,858,052	3,215,545
Change in assets – (increase)decrease:		
Accounts receivable	388,903	(432,891)
Inventory – materials and supplies	(259,044)	2,578
Prepaid expenses	(17,322)	(22,926)
Change in deferred outflows of resources – (increase)decrease		
Deferred amounts related to net OPEB liability	227,619	106,679
Deferred amounts related to net pension liability	348,777	(170,883)
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	1,189,232	793,196
Compensated absences	86,084	144,767
Net OPEB liability	(454,433)	39,215
Net pension liability	(20,848)	443,095
Change in deferred inflows of resources – increase(decrease)		
Deferred amounts related to net OPEB liability	64,844	(300,571)
Deferred amounts related to net pension liability	(58,794)	(69,502)
Total adjustments	8,353,070	3,748,302
Net cash provided by operating activities	$ 7,677,979	$ 7,010,824
Noncash investing, capital and financing transactions:		
Amortization of bond premium	$ (121,353)	$ (121,353)
Amortization of deferred amounts related to refunding of long-term debt	$ 9,467	$ 9,467

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Las Gallinas Valley Sanitary District (District) was formed on April 6, 1954 as a special district of the State of California. The District provides sewage collection, treatment, disposal, and wastewater recycling services, as well as manages the refuse hauling and recycling services franchise. The District currently serves over 30,000 people in communities north of central San Rafael. The District's wastewater treatment and recycling facilities are located in Marin County on over 400 acres on San Pablo Bay.

The scope of this report extends exclusively to the financial information presented for the District. The District is governed by a five-person Board of Directors (Board) elected for four-year terms. The Board has no oversight responsibility for any other governmental unit or agency. As such, the Board's governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters extends only to the affairs of the District.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity (GASB Statement No. 61). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

B. Basis of Presentation, Basis of Accounting

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as operating income in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents
For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of 90 days or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

2. Investments
Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

3. Restricted Assets
Amounts shown as restricted assets have been restricted by either bond indentures, external constraints, or laws and regulations of other governments.

4. Accounts Receivable
Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. The majority of the District's sewer user assessment revenue and all of the property tax revenue is collected by the County of Marin through charges on the tax rolls. The collections are remitted to the District as follows: 55% in December, 40% in April, and the balance of 5% during June and July. The June and July remittances allow the County as the collection agent to true-up any changes for revisions in the sewer charges after the initial calculation in August.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

5. Inventory – Materials and Supplies
Supply inventories maintained by the District consist primarily of chemicals, pipe fittings, valves, pumps and filters. Inventories are valued at cost using the first-in, first-out method.

6. Prepaids
Certain payments of vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

7. Right-To-Use Leased Asset and Right-To-Use Lease Payable
The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. The District has established a single model for lease accounting based on the principle that leases are financings of a right-to-use underlying asset. As a lessee, the District is required to recognize a lease liability(payable) and an intangible right-to-use leased asset. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over its useful life. The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the leased asset and lease payable if certain changes occur that are expected to significantly affect the amount of the lease payable.

8. Capital Assets
Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over $5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the District's classes of assets are as follows:

Description	Estimated Lives
Subsurface lines	50-75 years
Facilities and structures	15-40 years
Equipment	5-20 years

9. Deferred Outflows/Inflows of Resources
In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

10. Compensated Absences

The liability for compensated absences is reported in the balance sheet. In accordance with GASB Statement No. 101, Compensated Absences, leave is recognized when it is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Management evaluates sick leave for other District employees to determine the amount that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This analysis includes assessing relevant factors such as historical information about the use, payment or forfeiture of compensated absences, and the District's policies related to compensated absences. The measurement of compensated absences includes salary-related payments including the employer portion of medicare and social security taxes.

11. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Retiree Benefits Plan ("the Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments which are reported at cost.

The following timeframes are used for OPEB reporting:

Valuation Date June 30, 2024
Measurement Date June 30, 2024
Measurement Period July 1, 2023 to June 30, 2024

12. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date June 30, 2023
Measurement Date June 30, 2024
Measurement Period July 1, 2023 to June 30, 2024

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

12. Pensions (continued)

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retires) as of the beginning of the measurement period.

13. Net Position

Net position is classified into three components: net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets -** This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- **Restricted net position –** This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted net position -** This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

E. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1, each year. Secured property taxes are levied on July 1 and are payable in two installments, on December 10 and April 10. The County of Marin County Assessor's Office assesses all real and personal property within the County each year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one (1%) of countywide assessed valuations. The Marin County Treasurer's Office remits the total amount of property taxes billed regardless if they have been collected or not.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Property Taxes (continued)

The property tax calendar is as follows:

Lien date January 1
Levy date July 1
Due dates November 1 and February 1
Collection dates December 10 and April 10

F. Grant Revenue

The District's grants are cost-reimbursement grants, which are earned as the allowable expenditures under the agreement are made. A receivable is recorded when the criteria established for requesting reimbursement under the grant agreement has been satisfied and the amount of reimbursement is determinable. Grants for feasibility studies are recorded as nonoperating income. Grants for capital purposes are reported as capital contributions.

G. Connection Fees

Connection fees are capital recovery fees established as one-time charges assessed against developers or new customers to recover a part or all the cost of additional system capacity constructed for their use. The amounts charged are recognized when paid, which reserves system capacity for the property.

H. New Pronouncements – Governmental Accounting Standards Board (GASB)

During the fiscal year ended June 30, 2025, the District has implemented new GASB pronouncements as follows:

GASB Statement No. 101 – Compensated Absences

This GASB Statement amends the definition of a compensated absence to encompass the various types of benefits offered by governmental employers and establishes a unified model for accounting and reporting. The statement also revises the related financial statement disclosure requirements, including eliminating certain disclosures previously required that GASB research found did not provide essential information to financial statement users. The GASB statement applies to all units of state and local governments. The District adopted the Statement as of July 1, 2024. See Note 7 for the effect of this Statement.

GASB Statement No. 102 – Certain Risk Disclosures

This GASB Statement requires state and local governments to disclose vulnerabilities due to certain concentrations and constraints that could significantly impact their financial health. A concentration refers to a dependency on a specific source—such as a major revenue stream, customer, supplier, or workforce while a constraint involves legal, regulatory, contractual, or other external limitations that restrict an entity's ability to respond to those risks. If these factors make the government vulnerable to a near-term severe impact, disclosure is required in the notes to the financial statements. The goal of Statement No. 102 is to improve transparency and provide users with better insight into potential risks that could affect a government's financial condition. The District adopted the Statement as of July 1, 2024. See Note 15 for the effect of this Statement.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments were classified in the accompanying financial statements as follows:

Description	June 30, 2025
Cash and cash equivalents	$ 25,917,941
Restricted – cash and investments	918,249
Total cash and investments	$ 26,836,190

Cash and investments consisted of the following:

Description	June 30, 2025
Petty cash	$ 472
Demand deposits held with financial institutions	4,851,093
Local Agency Investment Fund (LAIF)	910,522
California Cooperative Liquid Assets Securities System (CLASS)	527,905
California Asset Management Program (CAMP) Pool	19,627,949
Investments	918,249
Total cash and investments	$ 26,836,190

Demand Deposits with Financial Institutions

At June 30, 2025, the carrying amount of the District's demand deposits were $4,851,093 and the financial institution's balances were $7,045,203. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

Custodial Credit Risk – Deposits

Custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2025, the District's deposits were covered by the Federal Deposit Insurance Corporation insurance limits or collateralized as required by California law.

NOTE 2 – CASH AND INVESTMENTS (continued)

Local Agency Investment Fund (LAIF)
The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests its funds to manage the State's cash flow and strengthen the financial security of local public agencies. PMIA's policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). LAIF allows cities, counties, and special districts to place money in a major portfolio and, at no additional costs, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from LAIF at any time as LAIF is highly liquid and has a dollar-in dollar-out amortized cost methodology.

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers funds in LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2025, the District held $910,522 in LAIF.

California Cooperative Liquid Assets Securities System (California CLASS)
The California Cooperative Liquid Assets Securities System (California CLASS) is a joint exercise of power entity authorized under Section 6509.7, California Government Code. California CLASS is a pooled investment option that was created via a joint exercise of powers agreement by and among California public agencies. California CLASS provides California public agencies with a convenient method for investing in high-quality, short- to medium-term securities carefully selected to optimize interest earnings while prioritizing safety and liquidity. The California CLASS Prime and Enhanced Cash funds offer public agencies the opportunity to strengthen and diversify their cash management programs in accordance with the safety, liquidity, and yield hierarchy that governs the investment of public funds.

The management of California CLASS is under the direction of a Board of Trustees comprised of eligible Participants of the program. The Board of Trustees has appointed Public Trust Advisors, LLC to serve as the Investment Advisor and Administrator of the program and has appointed U.S. Bank as the Custodian.

The District is a voluntary participant in California CLASS. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by California CLASS for the entire California CLASS portfolio (in relation to the amortized cost of the of that portfolio). The balance available for withdrawal is based on the accounting records maintained by California CLASS. California CLASS is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis. The California Class Prime and Enhanced Cash funds receive a credit rating of AAAm (S&P Global Ratings) and AAAf/S1 (FitchRatings), respectively. For financial reporting purposes, the District considers California CLASS a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2025, the District held $527,905 in California CLASS.

NOTE 2 – CASH AND INVESTMENTS (continued)

California Asset Management Program (CAMP) Pool – External Pool
The District is a voluntary participant in the California Asset Management Program (CAMP), a California Joint Powers Authority (JPA) established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is managed to maintain a dollar-weighted average portfolio maturity of 60 days or less and seeks to maintain a constant net asset value (NAV) per share of $1.00. The CAMP Pool invests in obligations of the United States Government and its agencies, high-quality, short-term debt obligations of U.S. companies and financial institutions.

The CAMP Pool is a permitted investment for all local agencies under CGC Section 53601(p). CAMP is directed by a Board of Trustees, which is made up of experienced finance directors and treasurers of California public agencies that are members of the JPA. CAMP determines fair value on its investment portfolio based on amortized cost. The District measures the value of its CAMP Pool investment at the fair value amount provided by CAMP. On June 30, 2025, the CAMP Pool had a total portfolio of approximately $20.5 billion of which all was invested in non-derivative financial products. The average maturity of the CAMP Pool's investments was 38 days as of June 30, 2025. For financial reporting purposes, the Agency considers CAMP Pool a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2025, the District held $19,627,949 in the CAMP Pool.

Investments
The District's investments as of June 30, 2025 are presented in the following Investment Table:

Type of Investments	Measurement Input	Credit Rating	Total Fair Value	Maturity 12 Months or Less
Negotiable certificates-of-deposit	Level 2	AAA	$ 918,105	$ 918,105
Money-market mutual funds	N/A	N/A	144	144
Total investments			$ 918,249	$ 918,249

Authorized Investments and Investment Policy
The District has adopted an investment policy directing the fiscal officer to deposit funds in financial institutions to purchase financial investments in accordance with California Government Code 53600-53610.

Disclosures Relating to Interest Rate Risk
Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by in the Investment Table that shows the distribution of the District's investments by maturity as of June 30, 2025.

NOTE 2 – CASH AND INVESTMENTS (continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the Investment Table are Standard & Poor's credit ratings for the District's investments as of June 30, 2025.

Concentration of Credit Risk

The District's investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. There were no investments in any one governmental or non-governmental issuer that represented 5% or more of the District's total investments except for those in CAMP.

Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs. All of the District's investments were assigned a Level 2 input on the Investment Table.

NOTE 3 – RESTRICTED CASH AND INVESTMENTS AND RESTRICTED NET POSITION

Restricted cash and investments consist of bank accounts required for maintenance of the revenue bonds – 2017 and the related debt service reserve funds. The debt service reserve funds are invested in negotiable certificates-of-deposit with Bank of Marin with maturity dates in fiscal year 2026.

NOTE 4 – ACCOUNTS RECEIVABLE

The balance at June 30, 2025 and 2024 consisted of the following;

Description	June 30, 2025	June 30, 2024
Sewer use charges receivable	$ 144,875	$ 547,935
Sewer use charges – assessment receivable	130,150	175,677
Property taxes receivable	67,514	7,830
Retention receivable	567,760	567,760
Total accounts receivable	$ 910,299	$ 1,299,202

NOTE 5 – PRIVATE SEWER LATERAL ASSISTANCE PROGRAM

The District has a private sewer lateral assistance program which allows property owners to receive an advance to repair or replace their sewer laterals. The maximum that may be advanced under the program is $10,000 per property, with interest charged at 2%, and the amount is repaid over 10 years through the property tax collections.

The activity in the program for the fiscal year ending June 30, 2025 consisted of the following;

Description	Balance
Balance at July 1, 2024	$ 320,646
Payments received	(83,080)
Advances made	79,735
Balance at June 30, 2025	$ 317,301

Scheduled payments to be received from the advances in future years are as follows:

Fiscal Year	Payment
2026	$ 56,190
2027	51,174
2028	44,065
2029	40,943
2030	36,334
2031 - 2035	88,595
Total	317,301
Current	(56,190)
Long-term	$ 261,111

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Changes in capital assets for the fiscal year ended June 30, 2025, were as follows:

Description	Balance July 1, 2024	Additions	Deletions/ Transfers	Balance June 30, 2025
Non-depreciable assets:				
Land	$ 2,867,571	$ -	$ -	$ 2,867,571
Construction-in-process	4,235,779	11,032,507	(900,029)	14,368,257
Total non-depreciable assets	7,103,350	11,032,507	(900,029)	17,235,828
Depreciable assets:				
Subsurface lines and manholes	35,935,013	-	-	35,935,013
Sewage collection	3,383,939	573,787	(25,473)	3,932,253
Sewage treatment	103,670,536	340,151	(26,574)	103,984,113
Sewage disposal	8,200,137	-	-	8,200,137
Reclamation	1,816,952	83,805	-	1,900,757
Recycled water production	20,390,520	-	-	20,390,520
Pump stations	14,115,684	723,549	-	14,839,233
Administration	2,224,356	-	-	2,224,356
Laboratory	575,910	13,877	-	589,787
Total depreciable assets	190,313,047	1,735,169	(52,047)	191,996,169
Accumulated depreciation:				
Subsurface lines and manholes	(19,335,859)	(672,700)	-	(20,008,559)
Sewage collection	(2,518,882)	(158,762)	25,473	(2,652,171)
Sewage treatment	(25,225,906)	(4,404,666)	26,574	(29,603,998)
Sewage disposal	(7,531,882)	(147,234)	-	(7,679,116)
Reclamation	(1,113,072)	(68,402)	-	(1,181,474)
Recycled water production	(4,483,998)	(818,723)	-	(5,302,721)
Pump stations	(10,241,377)	(379,323)	-	(10,620,700)
Administration	(1,376,063)	(78,652)	-	(1,454,715)
Laboratory	(367,657)	(16,264)	-	(383,921)
Total accumulated depreciation	(72,194,696)	(6,744,726)	52,047	(78,887,375)
Total depreciable assets, net	118,118,351	(5,009,557)	-	113,108,794
Right-to-use leased asset:				
Leased building	515,756	602,970	(515,756)	602,970
Accumulated amortization:				
Leased building	(472,776)	(113,326)	515,756	(70,346)
Total right-to-use leased asset, net	42,980	489,644	-	532,624
Total capital assets, net	$ 125,264,681	$ 6,512,594	$ (900,029)	$ 130,877,246

NOTE 7 – COMPENSATED ABSENCES

Changes in compensated absences for fiscal year ending June 30, 2025 was as follows:

Balance July 1, 2024	Net Change	Balance June 30, 2025	Due Within One Year	Due in More Than One Year
$ 733,733	$ 86,084	$ 819,817	$ 245,945	$ 573,872

As of June 30, 2025, the total liability for compensated absences was $819,817, of which $245,945 is expected to be paid within one year and is reported as a current liability. The beginning balance of compensated absences as of July 1, 2024, reflected an immaterial difference upon implementation of GASB Statement No. 101; therefore, no restatement was required.

NOTE 8 – RIGHT-TO-USE LEASE PAYABLE

Changes in right-to-use lease payable for fiscal year ending June 30, 2025 was as follows:

Balance July 1, 2024	Additions	Payments	Balance June 30, 2025	Current Portion	Long-term Portion
$ 47,632	$ 602,970	$ (110,667)	$ 539,935	$ 111,888	$ 428,047

Annual debt service requirements for the right-to-use lease payable are as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 111,888	$ 9,785	$ 121,673
2027	117,830	7,494	125,324
2028	124,002	5,081	129,083
2029	130,414	2,543	132,957
2030	55,801	279	56,080
Total	539,935	$ 25,182	$ 565,117
Current	(111,888)		
Long-term	$ 428,047		

The District is reporting a total right-to-use leased asset, net of $532,624 and a right-to-use lease payable of $539,935 for the year ending June 30, 2025. Also, the District is reporting total amortization expense of $113,326, principal payments of $110,667 and interest expense of $6,658 related to the above noted lease.

The lease held by the District does not have an implicit rate of return, therefore the District used their incremental borrowing rate of 2.00% to discount the lease payments to the net present value. In some cases leases contain termination clauses. In these cases the clause requires the lessee or lessor to show cause to terminate the lease.

NOTE 8 – RIGHT-TO-USE LEASE PAYABLE (continued)

The District's lease is summarized as follows:

Building Space
On December 1, 2019, the District entered into a 60-month lease for building space and a meeting room to serve as the District's administrative building. The lease was renewed for an additional 60-month period beginning on December 2024. An initial right-to-use lease liability was recorded in the amount of $602,970. The District began making monthly payments of $9,965 per month in 2024 for the District offices with annual increases of 3.0% every December. The lease has an implied interest rate of 2.0%. The District is amortizing the right-to-use leased asset of $602,970 at $10,049 per month. The District has plans to build a new administrative building at its plant location by end of calendar year 2029.

NOTE 9 – LONG-TERM DEBT PAYABLE

Changes in long-term debt payable for the year ended June 30, 2025, were as follows:

Description	Balance July 1, 2024	Additions	Payments	Balance June 30, 2025	Current Portion	Long-term Portion
Loan payable – 2011	$ 2,032,589	$ -	$ (257,318)	$ 1,775,271	$ 267,625	$ 1,507,646
State revolving fund loan – 2012	2,029,476	-	(230,669)	1,798,807	236,897	1,561,910
Loan payable – 2019	10,252,581	-	(381,557)	9,871,024	393,004	9,478,020
Revenue bonds – 2005	1,408,800	-	(690,000)	718,800	718,800	-
Revenue bonds – 2017	31,110,000	-	(1,205,000)	29,905,000	1,250,000	28,655,000
Revenue bonds – 2017 – premium	2,154,021	-	(121,353)	2,032,668	-	2,032,668
	$ 48,987,467	$ -	$ (2,885,897)	$ 46,101,570	$ 2,866,326	$ 43,235,244

Loan Payable – 2011
The District entered into a financing agreement with Bank of Marin on June 10, 2011 for $4,600,000. The loan is for the recycled water facility which was completed in July 2012. The loan bears interest at 3.88%, requires a reserve fund equal to one year's debt service, or $332,681, and monthly principal and interest payments of $27,723 beginning July 2011 through June 10, 2031. The loan requires the District to maintain a debt coverage ratio of earnings before interest, depreciation and amortization over scheduled principal payments of 1.2 to 1.0. Annual debt service requirements for the loan payable are as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 267,625	$ 65,056	$ 332,681
2027	278,345	54,336	332,681
2028	289,381	43,300	332,681
2029	301,085	31,596	332,681
2030	313,146	19,535	332,681
2031	325,689	6,992	332,681
Total	1,775,271	$ 220,815	$ 1,996,086
Current	(267,625)		
Long-term	$ 1,507,646		

NOTE 9 – LONG-TERM DEBT PAYABLE (continued)

State Revolving Fund Loan – 2012
The District had a construction loan with the State Water Resources Control Board, which converted to a term loan in November 2012 after the last construction draw was received. The loan bears interest at 2.7%, requires a reserve fund equal to one year's debt service, or $285,464, and annual principal and interest payments beginning June 1, 2012 through June 1, 2032. The loan requires the District to maintain a debt coverage ratio of earnings before interest, depreciation and amortization over scheduled principal payments of 1.2 to 1.0. Annual debt service requirements for the loan payable are as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 236,897	$ 48,567	$ 285,464
2027	243,293	42,171	285,464
2028	249,862	35,602	285,464
2029	256,608	28,856	285,464
2030	263,536	21,928	285,464
2031 - 2032	548,611	22,317	570,928
Total	1,798,807	$ 199,441	$ 1,998,248
Current	(236,897)		
Long-term	$ 1,561,910		

Loan Payable – 2019
The District entered into an agreement with California Infrastructure and Economic Development Bank (iBank) in May 2019 for a loan of $12,000,000. The loan has maturity dates ranging from August 1, 2019 through August 1, 2043; interest is due each February and August with the first payment due August 1, 2019. Payments of principal and interest are due whether or not any of the funds have been disbursed. As of June 30, 2025, $11,432,240 of these funds have been received. The interest rate on the loan is 3.00% per annum. Annual debt service requirements for the loan payable are as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 393,004	$ 290,236	$ 683,240
2027	404,794	278,269	683,063
2028	416,938	265,943	682,881
2029	429,446	253,247	682,693
2030	442,329	240,170	682,499
2031 - 2035	2,418,837	990,552	3,409,389
2036 - 2040	2,804,095	599,515	3,403,610
2041 - 2044	2,561,581	156,534	2,718,115
Total	9,871,024	$ 3,074,466	$ 12,945,490
Current	(393,004)		
Long-term	$ 9,478,020		

NOTE 9 – LONG-TERM DEBT PAYABLE (continued)

Revenue Bonds – 2005
The District issued $10,000,000 of Wastewater Revenue Certificates of Participation Bonds rated AA on November 15, 2005. The bonds had maturity dates ranging from December 1, 2006 through December 1, 2025 and carried an average interest rate of 4%. The net proceeds from the sale, after paying issuance costs, underwriter fees, and the reserve surety bond premium was $9,774,000.

In April 2014, the bonds were refinanced with Municipal Finance Corporation, a private lender. The principal balance outstanding was $6,880,000 and a 1% early call premium of $68,800 was required to retire the bonds. The refinanced bonds payable of $6,948,800 will be paid over the remaining term of the old debt, with principal payments due each December 1st; and interest payments are due each December 1st and June 1st through 2025. The interest rate on the refinanced debt is 3.3%.

The discount of $42,442 and the call premium of $68,800 are recorded as a deferred outflow of resources – deferred amount on debt refunding, net and is being amortized over the remaining term of the bond payments. The amount of amortization recorded to interest expense was $9,467 for the year ended June 30, 2025.

The debt is payable solely from net revenues of the District. Net revenues consist generally of all revenues after payment of adjusted operation and maintenance costs and include property taxes received by the District. The bond requires the District to maintain a debt coverage ratio of earnings before interest, depreciation and amortization over scheduled principal payments of 1.15 to 1.0. Annual debt service requirements for the bond payable are as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 718,800	$ 11,861	$ 730,661
Total	718,800	$ 11,861	$ 730,661
Current	(718,800)		
Long-term	$ -		

NOTE 9 – LONG-TERM DEBT PAYABLE (continued)

Revenue Bonds – 2017

The District issued $38,365,000 of Revenue Bonds rated AAA on April 28, 2017. The bonds have maturity dates ranging from April 1, 2018 through April 1, 2042; interest is due each October and April with the first payment due October 1, 2017. The yield to maturity on the bonds ranges from 0.87% to 3.57% with a stated interest rate of 4% and a true interest cost of 3.2984%.

The bonds are generally callable in whole or in part on or after April 1, 2027. This special call provision relates to the expansion of the recycled water treatment facility to serve MMWD (See Note 16).

Issuance costs, surety bond premium and underwriter's discount were expensed in the year of issuance. The original issue premium will be amortized to interest expense annually at $121,353 over the remaining term of the bonds.

The interest paid on the bonds qualifies as exempt from income tax for specified bond holders. As such the District is subject to Internal Revenue Code requirements concerning arbitrage. There are safe harbors for spending the bond proceeds that can exempt the District from having to rebate any excess interest earned on unspent funds in excess of interest paid to bond holders. The arbitrage calculation is required every five years; the first compliance report was completed on July 1, 2022 for the period April 28, 2017 to April 27, 2022.

The debt is payable solely from net revenues of the District. The loan requires the District to maintain a debt coverage ratio of earnings before interest, depreciation and amortization over scheduled principal payments of 1.25 to 1.0. Annual debt service requirements for the bond payable are as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 1,250,000	$ 1,196,200	$ 2,446,200
2027	1,300,000	1,146,200	2,446,200
2028	1,355,000	1,094,200	2,449,200
2029	1,405,000	1,040,000	2,445,000
2030	1,465,000	983,800	2,448,800
2031 - 2035	8,510,000	3,981,800	12,491,800
2036 - 2040	10,025,000	2,153,600	12,178,600
2041 - 2042	4,595,000	277,600	4,872,600
Total	29,905,000	$ 11,873,400	$ 41,778,400
Current	(1,250,000)		
Long-term	$ 28,655,000		

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2025
OPEB related deferred outflows	$ 554,743
Net other post-employment benefits liability	483,810
OPEB related deferred inflows	715,866

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

A. General Information about the OPEB Plan

Plan Description
The District has established an agent multiple-employer other post-employment benefit plan that provides health insurance (OPEB Plan) to employees in accordance with the Memorandum of Understanding between the District and its employees. These employees must meet certain service requirements and retire directly from employment with the District. According to the most current postemployment medical benefits plan, effective July 1, 2014 there are four tiers of benefits.

Tier 1 – Employees who retired prior to January 1, 2003, with five years of service, receive a benefit that is indexed by 6% each year and are eligible for spousal coverage up to the benefit cap. The monthly cap was $1,104 as of January 1, 2025.

Tier 2 – Employees who were employed prior to January 1, 2003, and retire with five years of District service, receive a monthly benefit that is set by the California Department of Personnel Administration. The monthly benefit cap was $1,060 as of January 1, 2025. This benefit is available to the employee only without any spousal coverage.

Tier 3 – Employees hired between January 1, 2003 and June 30, 2014 are eligible for benefits from 50% to 100% of the rate established by the California Department of Personnel Administration. They have to work for the District for at least five years, retire from the District, and have a minimum of 10 years of CalPERS agency service to receive a 50% benefit. The benefit increases 5% each year after that until the maximum coverage is reached at 20 years of service.

Tier 4 – Employees who are hired after July 1, 2014 and retire from the District after 10 years of service are eligible for benefits from 50% to 100% of the rate established by the California Department of Personnel Administration. The benefit increases 5% each year after that until the maximum coverage is reached at 20 years of service and is available only to the employee. All employees who retire from the District, have five years of CalPERS service credits, and participate in the CalPERS medical plan receive a benefit paid by the District equal to the minimum Public Employees' Medical and Hospital Care Act (PEMHCA) contribution. This monthly contribution is included in the cap outlined above for all tiers. However, an employee who is a member of Tier 3, but does not work for the District for five years, and has five years of CalPERS service credits, is eligible for the PEMHCA. The monthly amount was $158 as of January 1, 2025.

Funding Policy
The contribution requirements of plan members and the District are established and may be amended by the District and/or the District's Board of Directors. Currently, contributions are not required from plan members. The District has been typically funding this OPEB plan on a pay-as-you-go basis with contributions being made to an OPEB Trust.

Contributions
Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the District. For the fiscal year ended June 30, 2025, the measurement period, the District's contributions totaling $280,291 included $139,560 placed in its OPEB Trust, $103,982 in current year premium payments, and an implied subsidy of $36,749.

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

A. General Information about the OPEB Plan (continued)

Accounting for the Plan
The other post-employment benefit trust is prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments
Investments are reported in the accompanying financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measure date. Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian with the assistance of a valuation service.

B. Net OPEB Liability
The District's total OPEB liability was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2024. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions
The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2024
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry age normal, level percentage of payroll
Asset Valuation Method	Fair value of assets as of the measurement date
Actuarial Assumptions:	
Discount Rate	5.75%
Long-Term Expected	
Rate of Return on Investments	5.75%
Inflation	2.50%
Payroll increases	2.75%
Healthcare Trend Rates	Non-Medicare - 7.90% for 2026, decreasing to an ultimate rate of 3.45% in 2076
	Medicare (Non-Kaiser) - 6.90% for 2026, decreasing to an ultimate rate of 3.45% in 2076
	Medicare (Kaiser) - 5.65% for 2026, decreasing to an ultimate rate of 3.45% in 2076
Morbidity	CalPERS 2000 - 2019 Experience Study
Mortality	CalPERS 2000 - 2019 Experience Study
Disability	CalPERS 2000 - 2019 Experience Study
Retirement	CalPERS 2000 - 2019 Experience Study
Percent Married	80% of future retirees would enroll a spouse

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

B. Net OPEB Liability (continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation CERBT-Strategy 2	Expected Real Rate of Return
Asset Class Component:		
Global Equity	34.00%	4.56%
Fixed income	41.00%	1.56%
TIPS	5.00%	-0.08%
Commodities	3.00%	1.22%
REITs	17.00%	4.06%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in the Net OPEB Liability

The changes in the total OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2024 (Measurement date June 30, 2023)	$ 3,136,063	$ 2,197,820	$ 938,243
Changes for the year:			
Service cost	208,540	-	208,540
Interest	188,481	-	188,481
Differences in experience	(366,557)	-	(366,557)
Employer contributions	-	296,664	(296,664)
Net investment income	-	189,461	(189,461)
Benefit payments	(133,348)	(133,348)	-
Administrative expenses	-	(1,228)	1,228
Net changes	(102,884)	351,549	(454,433)
Balance at June 30, 2025 (Measurement date June 30, 2024)	$ 3,033,179	$ 2,549,369	$ 483,810

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

C. Changes in the Net OPEB Liability (continued)

Changes of Assumptions
In fiscal year 2024-25, the measurement period, there were no changes to the discount rate.

Change of Benefit Terms
In fiscal year 2024-25, the measurement period, there were no changes to the benefit terms.

Subsequent Events
There were no subsequent events that would materially affect the results presented in this disclosure.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.75%) or 1 percentage point higher (6.75%) than the current discount rate:

	1% Decrease 4.75%	Discount Rate 5.75%	1% Increase 6.75%
Net OPEB Liability	$ 871,916	$ 483,810	$ 161,125

Sensitivity of the Total OPEB Liability to Changes in Medical Trend Rates
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower:

	1% Decrease	Healthcare Cost Current Trend	1% Increase
Net OPEB Liability	$ 102,017	$ 483,810	$ 957,103

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB
For the year ended June 30, 2025, the District recognized OPEB expense of $118,321. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions made after the measurement date	$ 280,291	$ -
Changes in assumptions	99,367	(76,883)
Differences between expected and actual experience	78,639	(638,983)
Differences between projected and actual earnings on OPEB plan investments	96,446	-
Total Deferred Outflows/(Inflows) of Resources	$ 554,743	$ (715,866)

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (continued)

The differences between projected and actual earnings on plan investments is amortized over five years. The District reported $280,291 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2026	$ (137,628)
2027	(6,919)
2028	(118,596)
2029	(77,334)
2030	(53,124)
Thereafter	(47,813)
Total	$ (441,414)

At June 30, 2025, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2025.

NOTE 11 – PENSION PLAN

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2025
Pension related deferred outflows	$ 1,906,943
Net pension liability	4,870,904
Pension related deferred inflows	41,233

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

NOTE 11 – PENSION PLAN (continued)

A. General Information about the Pension Plan

The Plan

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.0%
Required member contribution rates	8.000%	7.750%
Required employer contribution rates – FY 2024	15.950%	7.680%

Plan Description

The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2024 Annual Actuarial Valuation Reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

At June 30, 2024 measurement date, the following members were covered by the benefit terms:

	Miscellaneous Plans		
Plan Members	Classic Tier 1	PEPRA Tier 2	Total
Active members	10	21	31
Transferred and terminated members	12	12	24
Retired members and beneficiaries	29	-	29
Total plan members	51	33	84

All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by state statute and District 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.

NOTE 11 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Benefits Provided
CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on plan formulas, years of credited service, age and final compensation. The cost-of-living adjustments for each Plan are applied as specified by the Public Employees' Retirement Law.

Contributions
Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For employees who are considered Classic CalPERS members, not New Members, as defined in the Public Employees' Pension Reform Act of 2013 (PEPRA), the District's contract with CalPERS provides for a retirement benefit of 2.7% at age 55 and includes the benefit commonly known as Single Highest Year. Employees in the "Classic" tier contribute the full required 8.0% employee contribution.

New Members are subject to the provisions of PEPRA which provides a retirement benefit of 2% at age 62 and the benefit based on the final three years of compensation. New Members to CalPERS shall contribute a total of eight percent (8%) towards the cost of providing the PEPRA retirement benefit to the employee. If the statutorily required PEPRA member employee normal contribution rate is less than eight percent (8%) then the employee shall contribute the percentage difference towards the employer normal contribution rate. If the employee contribution rate for New Members at any time exceeds 8%, the New Members tier contribution towards the employer's normal contribution rate will be zero percent (0%).

Contributions for the year ended June 30, 2025, were as follows:

	Miscellaneous Plans		
Contribution Type	**Classic Tier 1**	**PEPRA Tier 2**	**Total**
Contributions – employer	$ 666,651	$ 173,463	$ 840,114
Contributions – member	148,745	226,732	375,477
Total contributions	$ 815,396	$ 400,195	$ 1,215,591

NOTE 11 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

Proportionate Share of Net Pension Liability and Pension Expense

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2024, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The following table shows the District's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2025:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2023 (Measurement Date)	$ 18,490,511	$ 13,598,759	$ 4,891,752
Balance as of June 30, 2024 (Measurement Date)	$ 19,804,060	$ 14,933,156	$ 4,870,904
Change in Plan Net Pension Liability	$ 1,313,549	$ 1,334,397	$ (20,848)

The District's proportionate share percentage of the net pension liability over the measurement period for the fiscal year ended June 30, 2025, was as follows:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2025	Fiscal Year Ending June 30, 2024	Change Increase/ (Decrease)
Measurement Date	June 30, 2024	June 30, 2023	
Percentage of Risk Pool Net Pension Liability	0.100709%	0.097827%	0.002882%
Percentage of Plan Net Pension Liability	0.040164%	0.039211%	0.000953%

NOTE 11 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)
For the year ended June 30, 2025, the District recognized pension expense of $1,109,250. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	$ 840,114	$ -
Difference between actual and proportionate share of employer contributions	189,406	(8,753)
Adjustment due to differences in proportions	50,685	(16,048)
Differences between expected and actual experience	421,134	(16,432)
Differences between projected and actual earnings on pension plan investments	280,412	-
Changes in assumptions	125,192	-
Total Deferred Outflows/(Inflows) of Resources	$ 1,906,943	$ (41,233)

NOTE 11 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)
The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

An amount of $840,114 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows of Resources
2026	$ 363,671
2027	713,239
2028	44,779
2029	(96,093)
Total	$ 1,025,596

Actuarial Methods and Assumptions Used to Determine Total Pension Liability
For the measurement period ending June 30, 2024 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2023, total pension liability. The June 30, 2025, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Price Inflation Salary Increases	2.30%
Salary Increases	Varies by entry age and service
Mortality Rate Table	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

NOTE 11 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Long-term Expected Rate of Return
The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

Investment Type[1]	Assumed asset allocation	Real Return[1,2]
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
	100.0%	

[1] An expected inflation of 2.30% used for this period.
[2] Figures are based on the 2021 Asset Liability Management study.

NOTE 11 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Discount Rate
The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events
There were no subsequent events that would materially affect the results in this disclosure.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
Plan Type	**Discount Rate - 1% 5.90%**	**Current Discount Rate 6.90%**	**Discount Rate + 1% 7.90%**
CalPERS – Miscellaneous Plan	$ 7,543,272	$ 4,870,904	$ 2,671,152

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

C. Payable to the Pension Plans
At June 30, 2025, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2025.

NOTE 12 – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consisted of the following as of June 30:

Description	June 30, 2025
Net investment in capital assets	
Capital assets – not being depreciated	$ 17,235,828
Capital assets, net – being depreciated	113,641,418
Deferred amounts related to refunding of long-term debt	5,525
Right-to-use lease payable – current portion	(111,888)
Long-term debt payable – current portion	(2,866,326)
Right-to-use lease payable – non-current portion	(428,047)
Long-term debt payable – non-current portion	(43,235,244)
Total net investment in capital assets	$ 84,241,266

NOTE 13 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District offers Traditional and Roth 457 Deferred Compensation Programs (Programs). The employees can choose to participate in the program of their choice. The purpose of these Programs is to provide deferred compensation for public employees that elect to participate in the Programs. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes. The District matches the 457 contribution amount of eligible employees who have an established 457 Deferred Compensation account on a dollar-for-dollar basis up to one thousand two hundred dollars ($1,200) per calendar year.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the accompanying financial statements.

NOTE 14 – RISK MANAGEMENT POOL

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disaster. The District's insurance coverage is carried through the California Sanitation Risk Management Association (CSRMA) in pooled programs and through a commercial insurance carrier. CSRMA is a public entity risk pool currently operating as a common risk management and insurance program for member sanitary districts located throughout California. The purpose of CSRMA is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group. Although CSRMA may assess additional premiums to a member district in the event of losses in excess of reserves, no additional assessments have occurred nor are they contemplated. The financial statements of CSRMA are available their website, www.csrma.org. Condensed financial information for CSRMA is presented below:

A.	**Entity**	CSRMA	
B.	**Purpose**	To spread the adverse effects of losses among the member entities and purchase excess insurance as a group.	
C.	**Participants**	As of June 30, 2024 – 60 member districts	
D.	**Governing board**	Ten representatives employed by members	
E.	**Condensed financial information**	June 30, 2024	
	Audit signed	December 18, 2024	
	Statement of financial position:		**June 30, 2024**
	Total assets		$ 39,433,497
	Total liabilities		27,415,056
	Net position		$ 12,018,441
	Statement of revenues, expenses and changes in net position:		
	Total revenues		$ 24,879,936
	Total expenses		(22,895,588)
	Change in net position		1,984,348
	Beginning – net position		10,034,083
	Ending – net position		$ 12,018,431
F.	**Member agencies share of year-end financial position**		Not Calculated

The District maintains workers' compensation coverage and employer's liability coverage in accordance with the statutory requirements of the State of California.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2025, 2024, and 2023. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2025, 2024, and 2023.

NOTE 15 – RISK DISCLOSURE: CONCENTRATION OF REVENUE SOURCE (GASB STATEMENT No. 102)

The Sanitation District derives approximately 94% of its operating revenue from residential sanitation sewer service charges collected through the County's property tax roll. These charges are levied as special assessments pursuant to applicable laws and are collected in the same manner and at the same time as general property taxes. While this structure creates a concentration of revenue dependency on the County's property tax collection system it will not have material impact on the District's receipt of revenue from the County. The District's participation in the Teeter Plan, an optional alternative method for allocating delinquent property tax revenues, allows counties to finance sewer service charge assessments and property tax receipts for local agencies by borrowing money to advance cash to each taxing jurisdiction in an amount equal to the current year's delinquent property taxes. A greater risk would be the loss of future rate adjustments for sewer service charges that are subject to the procedural requirements of Proposition 218, which may constrain the District's ability to increase sewer service charge rates in response to rising operational or capital costs.

Secured property taxes, supplemental assessments, Educational Revenue Augmentation Fund (ERAF), and Homeowner Property Tax Relief (HOPTR) collected and paid to the District by the County makes up approximately 57% of the District's non-operating revenue. Economic downturns, changes in property values, or changes in State law could affect how future property tax revenue is allocated to special districts thereby impacting availability of funds to support operations and debt service. The District monitors tax collection trends and maintains reserves in accordance with its financial policies to mitigate the potential impact of delayed or reduced revenues.

In accordance with GASB Statement No. 102, Risk Disclosures, this note serves to disclose the concentration of revenue and associated risks that could significantly impact the District's financial position and results of operations.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

Marin Municipal Water District Water-Reclamation Agreement
In 2017, the District entered into a purchase and sale of recycled water agreement with MMWD to provide MMWD with up to 2.5 million gallons per day of plant capacity to produce a minimum of 600 acre feet per year, for 30 years. As part of the agreement, MMWD made an initial payment towards the cost of the existing facility of $333,563 and will make quarterly payments of $51,637 through October 1, 2022 and after that $26,890 per quarter through July 1, 2031 for their proportional share of loans made in 2011 and 2012. In addition, the District has designed an expansion of the existing facility in order to serve MMWD. Funding for the expansion is from part of the proceeds of the 2017 Revenue Bonds and a WaterSmart Grant awarded in 2015. The project was awarded to Myers & Sons Construction LLC on November 15, 2018 by the Board and the estimated construction cost was $48,622,939. On December 17, 2018 the General Manager signed the contract. The cost of the portion of the expansion ascribed to MMWD is $4.6 million with payments due semi-annually on April 1st and October 1st through April 1, 2042. MMWD paid $364,447 in 2025 per the agreement. The agreement superseded the previous Treatment Wastewater Agreement with MMWD, which terminated in June 2021, after the expanded recycled water facility began operation. (See Note 9 – Revenue Bonds – 2017 for further information)

The agreement with MMWD will be modified to revise the payment amounts due to the District once the Notice of Completion is filed for the project and all costs are known. MMWD was responsible for demolishing the previously existing facility which was located on the District's site. The facility has been demolished.

In addition to these payments, MMWD is charged for deliveries of recycled water based on the District's regular, ongoing operations and maintenance costs. Both the District and MMWD are required to annually deposit into a capital repair and replacement fund equal to 10% of annual operations and maintenance costs.

NOTE 16 – COMMITMENTS AND CONTINGENCIES (continued)

Future minimum payments expected to be received from MMWD are as follows:

Fiscal Year	Total
2026	$ 364,111
2027	364,111
2028	364,426
2029	363,986
2030	364,384
2031 - 2035	1,417,674
2036 - 2040	1,277,268
2041 - 2042	511,029
	$ 5,026,989

North Marin Water District Recycled Water Production Agreement
In 2011, the District entered into an agreement with North Marin Water District (NMWD) to annually produce at least 220 acre feet of recycled water for 20 years. A Second Revised Inter-Agency agreement with NMWD was entered into on June 30, 2022, extending the term 30 years with recycled water delivery maximum capacity set at 0.7 million gallons per day. NMWD will reimburse the District for its operating and maintenance costs associated with producing the recycled water.

Construction Contracts
The District has a variety of agreements with private parties relating to installation, improvement or modification of sewer facilities and treatment systems within its service area. The financing of such construction contracts is being provided primarily from debt proceeds, capital contributions, as well as the District's replacement reserves. As of June 30, 2025, the District estimates it will cost approximately $12,306,363 to complete projects currently in construction-in-process. Some of the construction contracts are multi-year contracts that will carry into 2025 and beyond.

Excluded Leases – Short-Term Leases and De Minimis Leases
The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, d*e minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Grant Awards
Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation
In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 17 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through December 4, 2025, the date which the financial statements were available to be issued.

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Required Supplementary Information

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2015	0.03057%	$ 2,098,373	$ 2,002,442	104.79%	78.40%
June 30, 2016	0.34162%	2,722,446	2,065,897	131.78%	74.06%
June 30, 2017	0.03195%	3,169,000	2,234,070	141.85%	73.31%
June 30, 2018	0.03229%	3,111,237	2,263,451	137.46%	75.26%
June 30, 2019	0.03337%	3,419,231	2,427,993	140.83%	76.07%
June 30, 2020	0.03433%	3,734,920	2,523,986	147.98%	75.02%
June 30, 2021	0.03958%	2,140,549	2,767,942	77.33%	86.34%
June 30, 2022	0.03851%	4,448,657	3,193,903	139.29%	73.74%
June 30, 2023	0.03921%	4,891,752	3,711,773	131.79%	73.54%
June 30, 2024	0.04164%	4,870,904	4,350,376	111.97%	75.40%

Notes to Schedule:

Benefit Changes:
There were no changes in benefits.

Changes in Assumptions:
From fiscal year June 30, 2015 and June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:
There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:
The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:
There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:
There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:
There were no significant changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:
There were no significant changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:
The discount rate was reduced from 7.15% to 6.90% and the inflation rate was reduced from 2.50% to 2.30%.

From fiscal year June 30, 2023 to June 30, 2024:
There were no significant changes in assumptions.

From fiscal year June 30, 2024 to June 30, 2025:
There were no significant changes in assumptions.

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2016	$ 295,148	$ (295,148)	-	$ 2,065,897	14.29%
June 30, 2017	331,323	(331,323)	-	2,234,070	14.83%
June 30, 2018	332,915	(332,915)	-	2,263,451	14.71%
June 30, 2019	374,938	(374,938)	-	2,427,993	15.44%
June 30, 2020	446,449	(446,449)	-	2,523,986	17.69%
June 30, 2021	526,615	(526,615)	-	2,767,942	19.03%
June 30, 2022	601,730	(601,730)	-	3,193,903	18.84%
June 30, 2023	686,680	(686,680)	-	3,711,773	18.50%
June 30, 2024	749,036	(749,036)	-	4,350,376	17.22%
June 30, 2025	840,114	(840,114)	-	4,650,821	18.06%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2015	June 30, 2013	Entry Age	Fair Value	2.75%	7.65%
June 30, 2016	June 30, 2014	Entry Age	Fair Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Fair Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Fair Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Fair Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Fair Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Fair Value	2.50%	7.15%
June 30, 2022	June 30, 2020	Entry Age	Fair Value	2.50%	7.15%
June 30, 2023	June 30, 2021	Entry Age	Fair Value	2.30%	6.90%
June 30, 2024	June 30, 2022	Entry Age	Fair Value	2.30%	6.90%
June 30, 2025	June 30, 2023	Entry Age	Fair Value	2.30%	6.90%

Amortization Method	Level percentage of payroll, closed
Salary Increases	Depending on age, service, and type of employment
Investment Rate of Return	Net of pension plan investment expense, including inflation
Retirement Age	50 years (2.7%@55), 52 years (2%@62)
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

LAS GALLINAS VALLEY SANITARY DISTRICT

Schedule of Changes in the District's Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2025

Last Ten Fiscal Years*

Fiscal Year Ended	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
Measurement Date	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**
Total OPEB liability:					
Service cost	$ 208,540	$ 205,090	$ 167,475	$ 150,216	$ 77,111
Interest	188,481	173,937	181,213	172,960	227,575
Changes of assumptions	-	-	85,135	172,113	(321,884)
Differences between expected and actual experience	(366,557)	-	(471,612)	-	(538,461)
Benefit payments	(133,348)	(125,728)	(127,020)	(129,717)	(133,439)
Net change in total OPEB liability	(102,884)	253,299	(164,809)	365,572	(689,098)
Total OPEB liability - beginning	3,136,063	2,882,764	3,047,573	2,682,001	3,371,099
Total OPEB liability - ending	3,033,179	3,136,063	2,882,764	3,047,573	2,682,001
Plan fiduciary net position:					
Contributions - employer	296,664	265,824	278,576	269,692	273,462
Net investment income	189,461	75,113	(282,141)	334,810	79,999
Administrative expense	(1,228)	(1,125)	(918)	(1,038)	(1,198)
Benefit payments	(133,348)	(125,728)	(127,020)	(129,717)	(133,439)
Net change in plan fiduciary net position	351,549	214,084	(131,503)	473,747	218,824
Plan fiduciary net position - beginning	2,197,820	1,983,736	2,115,239	1,641,492	1,422,668
Plan fiduciary net position - ending	2,549,369	2,197,820	1,983,736	2,115,239	1,641,492
District's net OPEB liability	$ 483,810	$ 938,243	$ 899,028	$ 932,334	$ 1,040,509
Plan fiduciary net position as a percentage of the total OPEB liability	84.05%	70.08%	68.81%	69.41%	61.20%
Covered-employee payroll	$ 4,999,834	$ 4,331,646	$ 3,887,047	$ 3,167,587	$ 2,734,659
District's net OPEB liability as a percentage of covered-employee payroll	9.68%	21.66%	23.13%	29.43%	38.05%

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2017 – There were no changes in benefits
Measurement Date June 30, 2018 – There were no changes in benefits
Measurement Date June 30, 2020 – There were no changes in benefits
Measurement Date June 30, 2019 – There were no changes in benefits
Measurement Date June 30, 2020 – There were no changes in benefits
Measurement Date June 30, 2021 – There were no changes in benefits
Measurement Date June 30, 2022 – There were no changes in benefits
Measurement Date June 30, 2023 – There were no changes in benefits
Measurement Date June 30, 2024 – There were no changes in benefits

Changes in Assumptions:

Measurement Date June 30, 2017 – There were no changes in assumptions
Measurement Date June 30, 2018 – There were no changes in assumptions
Measurement Date June 30, 2019 – There were no changes in assumptions
Measurement Date June 30, 2020 – There were no changes in assumptions
Measurement Date June 30, 2021 – There were no changes in assumptions
Measurement Date June 30, 2022 – There were no changes in assumptions
Measurement Date June 30, 2023 – There were no changes in assumptions
Measurement Date June 30, 2024 – There were no changes in assumptions

* Fiscal year 2018 was the first year of implementation; therefore, only eight years are shown.

LAS GALLINAS VALLEY SANITARY DISTRICT

Schedule of Changes in the District's Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2025

Last Ten Fiscal Years*

Fiscal Year Ended	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
Measurement Date	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**
Total OPEB liability:			
Service cost	$ 96,178	$ 91,597	$ 77,776
Interest	195,332	185,403	196,002
Changes of assumptions	(181,852)	-	(457,988)
Differences between expected and actual experience	514,719	(9,045)	156,326
Benefit payments	(117,075)	(132,720)	(153,771)
Net change in total OPEB liability	507,302	135,235	(181,655)
Total OPEB liability - beginning	2,863,797	2,728,562	2,910,217
Total OPEB liability - ending	3,371,099	2,863,797	2,728,562
Plan fiduciary net position:			
Contributions - employer	256,635	250,954	287,951
Net investment income	91,660	62,465	64,362
Administrative expense	(270)	(562)	(463)
Benefit payments	(117,075)	(132,720)	(153,771)
Net change in plan fiduciary net position	230,950	180,137	198,079
Plan fiduciary net position - beginning	1,191,718	1,011,581	813,502
Plan fiduciary net position - ending	1,422,668	1,191,718	1,011,581
District's net OPEB liability	$ 1,948,431	$ 1,672,079	$ 1,716,981
Plan fiduciary net position as a percentage of the total OPEB liability	42.20%	41.61%	37.07%
Covered-employee payroll	$ 2,676,304	$ 3,687,903	$ 2,252,470
District's net OPEB liability as a percentage of covered-employee payroll	72.80%	45.34%	76.23%

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2017 – There were no changes in benefits
Measurement Date June 30, 2018 – There were no changes in benefits
Measurement Date June 30, 2020 – There were no changes in benefits
Measurement Date June 30, 2019 – There were no changes in benefits
Measurement Date June 30, 2020 – There were no changes in benefits
Measurement Date June 30, 2021 – There were no changes in benefits
Measurement Date June 30, 2022 – There were no changes in benefits
Measurement Date June 30, 2023 – There were no changes in benefits
Measurement Date June 30, 2024 – There were no changes in benefits

Changes in Assumptions:

Measurement Date June 30, 2017 – There were no changes in assumptions
Measurement Date June 30, 2018 – There were no changes in assumptions
Measurement Date June 30, 2019 – There were no changes in assumptions
Measurement Date June 30, 2020 – There were no changes in assumptions
Measurement Date June 30, 2021 – There were no changes in assumptions
Measurement Date June 30, 2022 – There were no changes in assumptions
Measurement Date June 30, 2023 – There were no changes in assumptions
Measurement Date June 30, 2024 – There were no changes in assumptions

* Fiscal year 2018 was the first year of implementation; therefore, only eight years are shown.

LAS GALLINAS VALLEY SANITARY DISTRICT

Schedule of Contributions – Other Post-Employment Benefits (OPEB) Plan
For the Year Ended June 30, 2024

Last Ten Fiscal Years*

Fiscal Year Ended	**June 30, 2025**	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**
Actuarially determined contribution	$ 295,481	$ 289,963	$ 246,200	$ 241,523	$ 236,657
Contributions in relation to the actuarially determined contributions	(280,291)	(296,664)	(265,824)	(266,946)	(269,692)
Contribution deficiency (excess)	$ 15,190	$ (6,701)	$ (19,624)	$ (25,423)	$ (33,035)
Covered employee payroll	$ 5,292,345	$ 4,999,834	$ 4,331,646	$ 3,887,047	$ 3,167,587
Contributions as a percentage of covered employee payroll	5.30%	5.93%	6.14%	6.87%	8.51%

Notes to Schedule:

Valuation Date	June 30, 2024	June 30, 2022	June 30, 2022	June 30, 2020	June 30, 2020
Methods and Assumptions Used to Determine Contribution Rates:					
Actuarial cost method Entry age normal	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method Closed period, level percent of pay	(1)	(1)	(1)	(1)	(1)
Amortization period	20-years	20-years	20-years	20-years	20-years
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Discount rate	5.75%	5.75%	5.75%	5.75%	6.25%
Inflation	2.50%	2.50%	2.50%	2.75%	2.75%
Payroll increases	2.75%	2.75%	2.75%	3.00%	3.00%
Mortality	(2)	(2)	(2)	(2)	(2)
Morbidity	(3)	(3)	(3)	(3)	(3)
Disability	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued
Retirement	(4)	(4)	(4)	(4)	(4)
Healthcare trend rates	(5)	(5)	(5)	(5)	(5)

(1) Closed period, level percent of pay
(2) CalPERS 2000-2019 Experience Study
(3) CalPERS 2000-2019 Experience Study
(4) CalPERS Public Agency Miscellaneous 2.7% @55 and 2% @62
(5) Non-Medicare - 7.90% for 2026, decreasing to an ultimate rate of 3.45% in 2076;
Medicare (Non-Kaiser) - 6.90% for 2026, decreasing to an ultimate rate of 3.45% in 2076;
Medicare (Kaiser) - 5.65% for 2026, decreasing to an ultimate rate of 3.45% in 2076;

* Fiscal year 2018 was the first year of implementation; therefore, only eight years are shown.

Last Ten Fiscal Years*

Fiscal Year Ended	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
Actuarially determined contribution	$ 228,225	$ 213,168	$ 219,673
Contributions in relation to the actuarially determined contributions	(256,635)	(250,954)	(287,951)
Contribution deficiency (excess)	$ (28,410)	$ (37,786)	$ (68,278)
Covered employee payroll	$ 2,676,304	$ 3,687,903	$ 2,252,470
Contributions as a percentage of covered employee payroll	9.59%	6.80%	12.78%

Notes to Schedule:

Valuation Date	June 30, 2019	June 30, 2018	June 30, 2017
Methods and Assumptions Used to Determine Contribution Rates:			
Actuarial cost method Entry age normal	Entry Age	Entry Age	Entry Age
Amortization method Closed period, level percent of pay	(1)	(1)	(1)
Amortization period	20-years	20-years	20-years
Asset valuation method	Fair Value	Fair Value	Fair Value
Discount rate	6.75%	6.73%	6.50%
Inflation	2.26%	2.25%	2.26%
Payroll increases	3.25%	3.25%	3.25%
Mortality	(2)	(2)	(2)
Morbidity	(3)	(3)	(3)
Disability	Not Valued	Not Valued	Not Valued
Retirement	(4)	(4)	(4)
Healthcare trend rates	(5)	(5)	(5)

(1) Closed period, level percent of pay
(2) CalPERS 2000-2019 Experience Study
(3) CalPERS 2000-2019 Experience Study
(4) CalPERS Public Agency Miscellaneous 2.7% @55 and 2% @62
(5) Non-Medicare - 7.90% for 2026, decreasing to an ultimate rate of 3.45% in 2076;
Medicare (Non-Kaiser) - 6.90% for 2026, decreasing to an ultimate rate of 3.45% in 2076;
Medicare (Kaiser) - 5.65% for 2026, decreasing to an ultimate rate of 3.45% in 2076;

* Fiscal year 2018 was the first year of implementation; therefore, only eight years are shown.

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STATISTICAL SECTION

Introduction to the Statistical Section

This section of the Las Gallinas Valley Sanitary District's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about the District's overall health.

Financial Trend Information

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

- Balance Sheets
- Statements of Revenues, Expenses and Changes in Net Position

Revenue Capacity Information

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its largest single own-source revenue: sewer service charges.

- Sewer Service Charge Revenue
- Sewer Service Rates per Eligible Dwelling Unit
- Principal Revenue Payers
- Summary of Sewer Customers by Class

Debt Capacity Information

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

- Revenues, Expenditures, Debt Service Coverage and Cash Flows from Operations
- Outstanding Debt per Connection
- Other Postemployment Benefits Funding Status and Covered Lives

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

- Demographic and Economic Statistics
- Principal Employers in Marin County

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

- Recycled Water Production
- Daily Average Influent Flow
- Private Sewer Lateral Assistance Program
- Collection System Services
- Full-time Equivalent Employees by Function

Las Gallinas Valley Sanitary District

Balance Sheets - Statements of Net Position
for the Last Ten Fiscal Years

(in thousands)

Fiscal Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
					As Restated					
ASSETS										
Current Assets	$ 27,797	$ 32,883	$ 30,596	$ 34,642	$ 37,436	$ 43,570	$ 68,828	$ 66,984	$ 63,817	$ 21,657
Capital and other assets	132,057	126,427	124,685	120,280	111,355	97,155	70,656	65,282	64,935	59,823
TOTAL ASSETS	**159,854**	**159,311**	**155,282**	**154,922**	**148,790**	**140,725**	**139,484**	**132,266**	**128,752**	**81,480**
Deferred Outflows of Resources	**2,467**	**3,053**	**2,998**	**1,720**	**1,729**	**1,811**	**1,380**	**1,570**	**1,141**	**702**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**162,321**	**162,364**	**158,280**	**156,642**	**150,520**	**142,536**	**140,864**	**133,836**	**129,893**	**82,182**
LIABILITIES										
Total current liabilities	6,944	5,583	4,712	4,855	5,978	5,871	5,758	3,412	3,823	1,841
Total noncurrent liabilities	49,592	52,567	54,916	55,473	53,855	51,144	53,243	55,938	56,121	16,162
TOTAL LIABILITIES	**56,536**	**58,149**	**59,629**	**60,328**	**59,833**	**57,015**	**59,001**	**59,350**	**59,944**	**18,003**
Deferred Inflows of Resources	**757**	**751**	**1,121**	**2,882**	**1,150**	**638**	**511**	**528**	**144**	**296**
TOTAL LIABILITIES AND DEFERRED INFLOWS RESOURCES	**57,293**	**58,900**	**60,750**	**63,210**	**60,983**	**57,653**	**59,512**	**59,878**	**60,088**	**18,299**
NET POSITION:										
Net investment in capital assets	84,241	76,245	71,606	64,361	58,574	47,893	55,392	51,243	48,605	43,749
Restricted	918	914	909	905	900	895	880	880	874	867
Unrestricted	19,869	26,306	25,015	28,166	30,063	27,462	25,072	21,836	20,325	19,227
TOTAL NET POSITION	**$ 105,028**	**$ 103,464**	**$ 97,530**	**$ 93,432**	**$ 89,537**	**$ 84,883**	**$ 81,352**	**$ 73,958**	**$ 69,805**	**$ 63,883**

Source: Las Gallinas Valley Sanitary District Basic Financial Statements.

Note: The Statements of Net Position for 2021 have been restated for the adoption GASB No. 87 - Leases and to recognize unaccounted receivables for sewer use charges - assessments and property taxes.

Las Gallinas Valley Sanitary District

Statements of Revenues, Expenses and Changes in Net Position
For the Last Ten Fiscal Years

(in thousands)

Fiscal Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
OPERATING REVENUES:					As Restated					
Sewer use charges	$ 20,502	$ 18,680	$ 17,000	$ 15,492	$ 15,284	$ 14,832	$ 14,229	$ 13,635	$ 13,060	$ 11,647
Recycled water fees	186	114	246	128	123	67	64	61	45	50
Miscellaneous	76	105	176	68	138	27	8	41	42	46
TOTAL OPERATING REVENUES	**20,764**	**18,898**	**17,422**	**15,688**	**15,545**	**14,926**	**14,301**	**13,737**	**13,147**	**11,743**
OPERATING EXPENSES:										
Sewage collection and pump stations	3,306	3,059	2,741	1,942	1,571	1,273	1,162	1,271	1,036	945
Sewage treatment	4,677	4,018	3,671	3,211	2,866	4,270	1,934	1,875	2,065	1,547
Sewage and solid waste disposal	1,088	434	713	435	507	616	197	129	216	83
Laboratory	624	525	534	506	498	360	319	339	338	295
Engineering[1]	1,111	1,050	937	983	874	616	470	650	532	448
Recycled water	152	84	102	62	106	116	181	69	57	98
General and administrative	3,623	3,252	2,291	2,899	2,478	2,891	1,774	2,208	1,719	1,635
Depreciation and amortization	6,858	3,216	3,619	3,127	3,148	2,897	2,655	2,601	2,526	2,429
TOTAL OPERATING EXPENSES	**21,440**	**15,636**	**14,609**	**13,166**	**12,048**	**13,039**	**8,692**	**9,142**	**8,489**	**7,480**
INCOME (LOSS) FROM OPERATIONS	(675)	3,263	2,813	2,522	3,497	1,887	5,609	4,595	4,658	4,263
NONOPERATING REVENUES:										
Property taxes	1,906	1,772	1,718	1,706	1,566	1,528	1,358	1,294	1,243	1,129
Federal and state grants	-	-	-	-	-	-	-	-	-	-
Franchise fees	184	175	166	162	153	125	69	25	25	25
Gain on disposal, net & Other	11	-	-	-	-	3	-	-	-	-
Interest income	1,314	1,569	490	(169)	323	519	543	281	150	79
TOTAL NONOPERATING REVENUES	**3,415**	**3,516**	**2,374**	**1,700**	**2,042**	**2,175**	**1,970**	**1,600**	**1,418**	**1,233**

Las Gallinas Valley Sanitary District

Statements of Revenues, Expenses and Changes in Net Position
For the Last Ten Fiscal Years (continued)

(in thousands)

Fiscal Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
NONOPERATING EXPENSES:					As Restated					
Loss on disposals	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1	$ 6	$ -
Bond issuance costs	-	-	-	-	-	-	-	-	349	-
Interest expense	1,618	1,711	1,806	1,904	2,000	1,454	857	1,288	276	402
TOTAL NONOPERATING EXPENSES	**1,618**	**1,711**	**1,806**	**1,904**	**2,000**	**1,454**	**857**	**1,289**	**631**	**402**
INCOME BEFORE CONTRIBUTIONS	1,122	5,068	3,381	2,318	3,539	2,608	6,722	4,906	5,445	5,094
CAPITAL CONTRIBUTIONS:										
Connection fees	64	450	326	468	213	39	35	239	40	34
Federal and state grants	-	-	3	646	446	369	174	362	-	798
Intergovernmental	364	364	389	463	463	515	463	455	437	-
Recyled water capital repair	13	52	-	-	-	-	-	-	-	-
CHANGE IN NET POSITION	1,564	5,934	4,098	3,895	4,662	3,531	7,394	5,962	5,922	5,926
NET POSITION - BEGINNING OF YEAR AS PREVIOUSLY STATED	103,464	97,530	93,432	89,537	84,875	81,352	73,958	69,805	63,883	57,957
Restatement: Change in Accounting Principle[2]	-	-	-	-	-	(8)	-	(1,809)	-	-
NET POSITION - BEGINNING OF YEAR AS RESTATED	103,464	97,530	93,432	89,537	84,875	81,344	73,958	67,996	63,883	57,957
NET POSITION - END OF YEAR	**$ 105,028**	**$ 103,464**	**$ 97,530**	**$ 93,432**	**$ 89,537**	**$ 84,875**	**$ 81,352**	**$ 73,958**	**$ 69,805**	**$ 63,883**

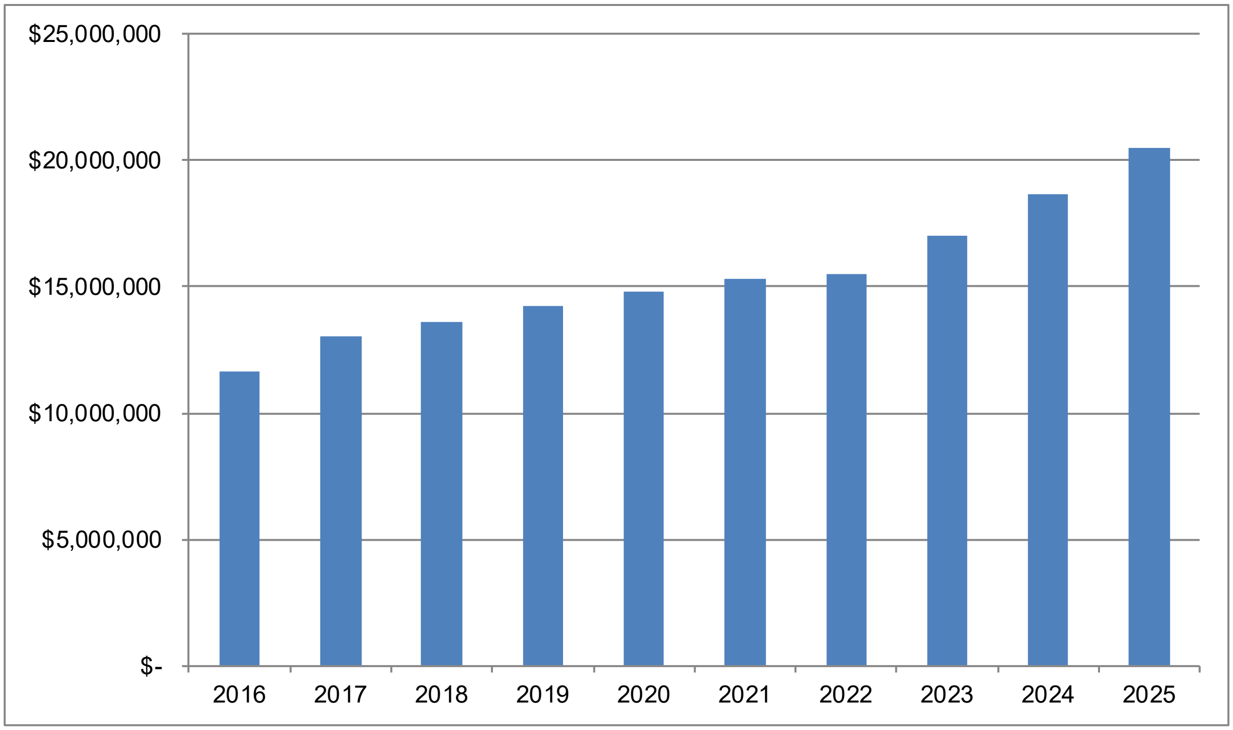
[1] In prior years, these line items were classified with different departments.

[2] The District implemented GASB 75 - Accounting for Postemployment Benefit Obligations during the fiscal year ended June 30, 2018.
The District adopted GASB 87 - Leases during fiscal year ended June 30, 2022.

Source: Las Gallinas Valley Sanitary District Basic Financial Statements.

Note: The Statements of Revenues, Expenses and Net Position for 2021 have been restated for the adoption GASB No. 87 - Leases and to recognize unaccounted receivables for sewer use charges - assessments and property taxes.

Sewer Service Charge Revenue for the Past Ten Fiscal Years

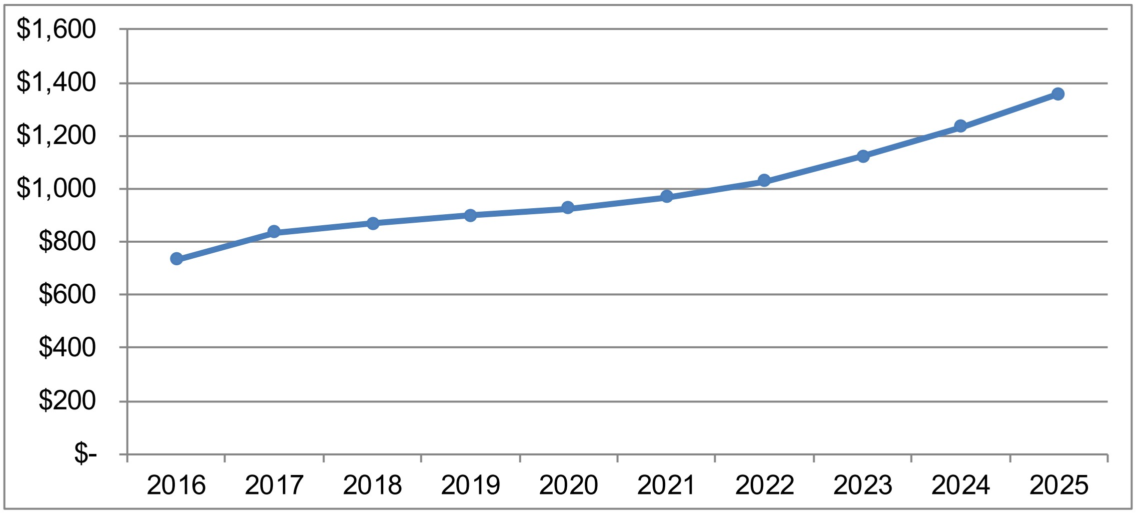


Historic Sewer Service Revenue

Fiscal Year Ended June 30,	Sewer Service Revenue	Percentage Change
2016	$ 11,647,257	12.96%
2017	$ 13,059,850	12.13%
2018	$ 13,634,548	4.40%
2019	$ 14,228,877	4.36%
2020	$ 14,831,995	4.24%
2021	$ 15,284,365	3.05%
2022	$ 15,491,846	1.36%
2023	$ 16,999,751	9.73%
2024	$ 18,680,095	9.88%
2025	$ 20,502,458	9.76%

Source: Las Gallinas Valley Sanitary District records

Sewer Service Rates Per Eligible Dwelling Unit for the Past Ten Fiscal Years



Historic Sewer Service Rates

Fiscal Year Ended June 30,	Sewer Service Rates	Percentage Change
2016	$ 734	13.4%
2017	$ 835	13.8%
2018	$ 867	3.8%
2019	$ 898	3.6%
2020	$ 927	3.2%
2021	$ 968	4.4%
2022	$ 1,029	6.3%
2023	$ 1,122	9.0%
2024	$ 1,233	9.9%
2025	$ 1,356	10.0%

Source: Las Gallinas Valley Sanitary District records

Principal Revenue Payers
for the Current Fiscal Year and Ten Years Prior

FY 2024/25			FY 2014/15		
Payer	Total Paid	Percentage of Revenue Collected	Payer	Total Paid	Percentage of Revenue Collected
Contempo Marin	$ 564,638	2.75%	County of Marin	$ 272,399	2.64%
Marin Valley Mobile Home Park	427,140	2.08%	Contempo Marin	271,611	2.63%
County of Marin	384,562	1.88%	Northgate Mall	232,208	2.25%
View at Marin	309,880	1.51%	Marin Valley Mobile Home Park	203,805	1.98%
Embassy Suites	281,729	1.37%	Embassy Suites	197,917	1.92%
Northgate Mall	210,437	1.03%	Bay Apartment Communities	150,686	1.46%
Deer Valley Apartments	208,620	1.02%	BRE Properties	100,220	0.97%
San Rafael Manor	195,200	0.95%	San Rafael Manor	93,815	0.91%
Kaiser Permanente	185,636	0.91%	Kaiser Permanente	89,545	0.87%
St. Vincent's School	146,041	0.71%	Northbay Properties II	87,345	0.85%
Total	**$ 2,913,883**	**14.21%**	**Total**	**$ 1,699,551**	**16.48%**

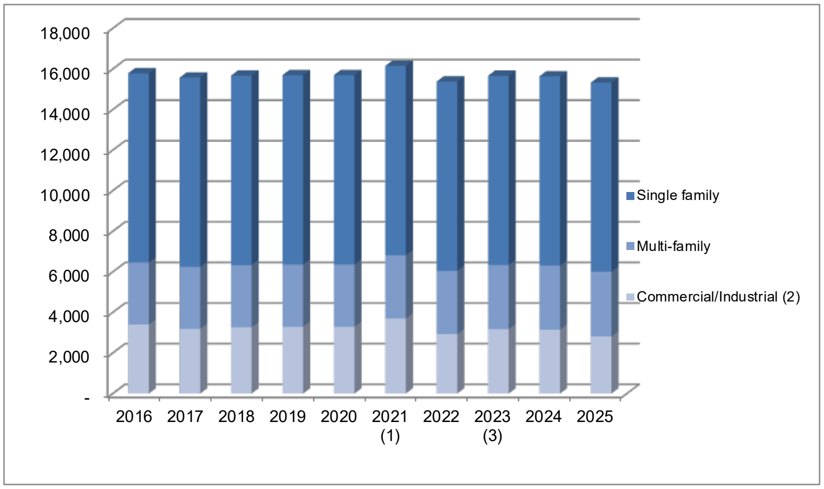
Source: Las Gallinas Valley Sanitary District records

Las Gallinas Valley Sanitary District

Summary of Sewer Customers by Class
for the Past Ten Fiscal Years

June 30,

Class	2016	2017	2018	2019	2020	2021 [1]	2022	2023 [3]	2024	2025	2025 % of Total
Residential											
Single family	9,332	9,334	9,339	9,339	9,339	9,336	9,333	9,330	9,324	9,321	60.83%
Multi-family	3,053	3,050	3,059	3,065	3,065	3,121	3,115	3,161	3,161	3,188	20.81%
Subtotal	12,385	12,384	12,398	12,404	12,404	12,457	12,448	12,491	12,485	12,509	81.64%
Commercial/Industrial [2]	3,401	3,187	3,268	3,286	3,287	3,694	2,931	3,170	3,147	2,814	18.36%
Total	**15,786**	**15,571**	**15,666**	**15,690**	**15,691**	**16,151**	**15,379**	**15,661**	**15,632**	**15,323**	100.00%



Source: Las Gallinas Valley Sanitary District records

[1] Restated 2021. Multi-family customer class count based on Living Units from 2021 forward to more accurately reflect residental customer counts.

[2] Commercial / Industrial customer class count based on Equivalent Sanitary Units which fluctuate based on prior year water use.

[3] Restated 2023. Commercial / Industrial class sanitary units.

Note: Table is required per 2017 Revenue Bond Official Statement Table 1, see page 22 of document for table and C-2 for requirement.

Las Gallinas Valley Sanitary District

Revenues, Expenditures, Debt Service Coverage and Cash Flow from Operations
For the Last Ten Fiscal Years

(in thousands)

	Fiscal Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
GROSS REVENUES[1]					**As Restated**					
Sewer use charges	$ 20,502	$ 18,680	$ 17,000	$ 15,492	$ 15,284	$ 14,832	$ 14,229	$ 13,635	$ 13,060	$ 11,647
Property taxes	1,906	1,772	1,718	1,706	1,566	1,524	1,354	1,290	1,239	1,125
Recycled water fees	186	114	246	128	123	67	63	61	45	50
Other	1,585	1,848	832	61	614	716	660	590	261	188
TOTAL GROSS REVENUES	**24,179**	**22,414**	**19,797**	**17,387**	**17,587**	**17,139**	**16,306**	**15,576**	**14,605**	**13,010**
Marin Municipal Water District Debt Debt Reimbursement										
Bank of Marin	108	108	157	207	207	206	206	207	437	-
2017 Revenue Bonds	257	256	256	257	257	257	257	249	-	-
	364	364	413	463	463	463	463	456	437	-
OPERATING AND MAINTENANCE COSTS[2]										
Sewage collection, treatment and disposal	9,071	7,510	7,125	5,588	4,944	6,159	3,294	3,275	3,317	2,575
Laboratory	624	525	534	506	498	360	319	339	338	295
Engineering	1,111	1,050	937	983	874	615	470	650	532	448
Recycled water	152	84	102	62	106	116	180	69	57	98
General and administrative [4]	3,623	3,252	2,291	2,899	2,478	2,891	1,774	2,208	1,719	1,635
Less accounting adjustment for pension expense and OPEB	(108)	(48)	382	(29)	9	(272)	(190)	(299)	(24)	145
TOTAL OPERATING AND MAINTENANCE COSTS	**14,474**	**12,372**	**11,372**	**10,009**	**8,909**	**9,869**	**5,847**	**6,242**	**5,939**	**5,196**
NET REVENUES [3]	$ 10,070	$ 10,406	$ 8,838	$ 7,842	$ 9,142	$ 7,733	$ 10,922	$ 9,790	$ 9,103	$ 7,814

Source: Las Gallinas Valley Sanitary District Basic Financial Statements.

Note: The Statements of Revenues, Expenses and Cash Flow s from Operations have been restated for the correction of an error and the implementation of GASB No. 68.

The Statements of Revenues, Expenses and Net Position for 2021 have been restated for the adoption GASB No. 87 - Leases and to recognize unaccounted receivables for sew er use charges - assessments and property taxes.

(1) Gross revenues includes all operating and nonoperating revenues and connection fees; excludes grants.

(2) Operating and maintenance costs means the reasonable and necessary costs and expenses paid by the District for maintaining and operating the Wastew ater Enterprise excluding depreciation, amortization of intangibles, capital expenditures, accounting adjustments related to pension expense and other post-employment benefit (OPEB) plans.

(3) Restated Net Revenues for fiscal years 2016 through 2024 to include Debt Reimbursement as revenue.

(4) General and administrative restated for fiscal year ending June 30, 2019 from ($2,704) to $1,774.

Las Gallinas Valley Sanitary District

Revenues, Expenditures, Debt Service Coverage and Cash Flow from Operations
For the Last Ten Fiscal Years (Continued)

(in thousands)

	Fiscal Years Ended June 30,									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
DEBT SERVICE[(1) (2)]										
Current fiscal year	$ 4,507	$ 4,497	$ 4,528	$ 4,728	$ 4,720	$ 4,618	$ 3,991	$ 3,921	$ 1,543	$ 1,540
Next fiscal year	$ 4,508	$ 4,507	$ 4,497	$ 4,528	$ 4,728	$ 4,720	$ 4,618	$ 3,991	$ 3,921	$ 1,543
COVERAGE (1.25X Requirement)										
Current fiscal year	2.23	2.31	1.95	1.66	1.94	1.67	2.74	2.50	5.90	5.08
Next fiscal year	2.23	2.31	1.97	1.73	1.93	1.64	2.37	2.45	2.32	5.06
CASH FLOW FROM OPERATIONS	$ 7,678	$ 7,011	$ 5,284	$ 4,015	$ 6,418	$ 5,205	$ 8,587	$ 7,339	$ 7,336	$ 6,814

Source: Las Gallinas Valley Sanitary District Basic Financial Statements.

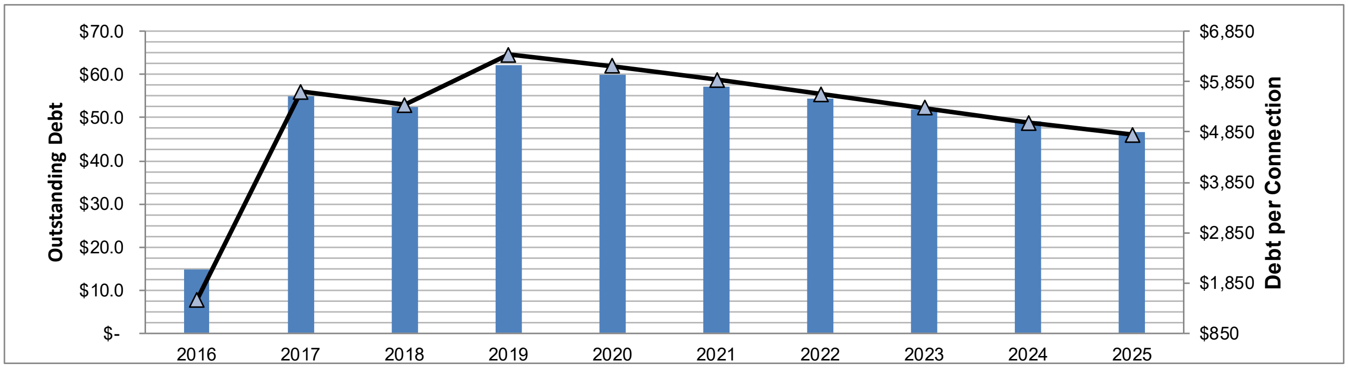
(1) Debt service includes principal and interest due in the specified period

(2) Restated Debt Service amounts and Debt Service Coverage calcualtion for fiscal years 2019 through 2024 to correct overreporting of 2019 iBank debt service amount.

Note: Table is required per 2017 Revenue Bond Official Statement Table 7, see page 32 of document for table and C-2 for requirement.

Las Gallinas Valley Sanitary District

Outstanding Debt Per Connection
for the Past Ten Fiscal Years



Type of Debt

Fiscal Year Ended June 30,	IBank Finance Agreement [1]	Notes Payable	State Revolving Fund	2017 Revenue Bond	Lease Payables [5]	Total Outstanding Debt	Debt per Capita [2,3]	Total Parcels Connected [4]	Debt per Connection
2016	$ -	$ 11,079,644	$ 3,669,387	$ -	$ -	$ 14,749,031	$ 508	9,742	$ 1,514
2017	$ -	$ 10,196,639	$ 3,482,996	$ 41,368,492	$ -	$ 55,048,127	$ 1,896	9,742	$ 5,651
2018	$ -	$ 9,274,581	$ 2,893,080	$ 40,297,139	$ -	$ 52,464,800	$ 1,807	9,742	$ 5,385
2019	$ 12,000,000	$ 8,327,949	$ 2,685,728	$ 39,225,786	$ -	$ 62,239,463	$ 2,143	9,742	$ 6,389
2020	$ 11,670,866	$ 7,346,584	$ 2,893,080	$ 38,114,433	$ -	$ 60,024,963	$ 2,067	9,739	$ 6,163
2021	$ 11,331,858	$ 6,324,182	$ 2,685,728	$ 36,963,080	$ -	$ 57,304,847	$ 1,889	9,734	$ 5,887
2022	$ 10,982,679	$ 5,255,508	$ 2,472,779	$ 35,771,727	$ -	$ 54,482,693	$ 1,796	9,731	$ 5,599
2023	$ 10,623,025	$ 4,348,575	$ 2,254,080	$ 34,540,374	$ 150,020	$ 51,916,074	$ 1,711	9,730	$ 5,336
2024	$ 10,252,581	$ 3,441,389	$ 2,029,476	$ 33,264,021	$ 47,632	$ 49,035,099	$ 1,616	9,730	$ 5,040
2025	$ 9,871,024	$ 2,494,071	$ 1,798,807	$ 31,937,668	$ 539,935	$ 46,641,505	$ 1,537	9,733	$ 4,792

Source: Las Gallinas Valley Sanitary District records

[1] IBank $12,000,000 finance agreement entered into May 2019 with first payment of note payable made in August 2019. IBank restated for 2020 and 2021.

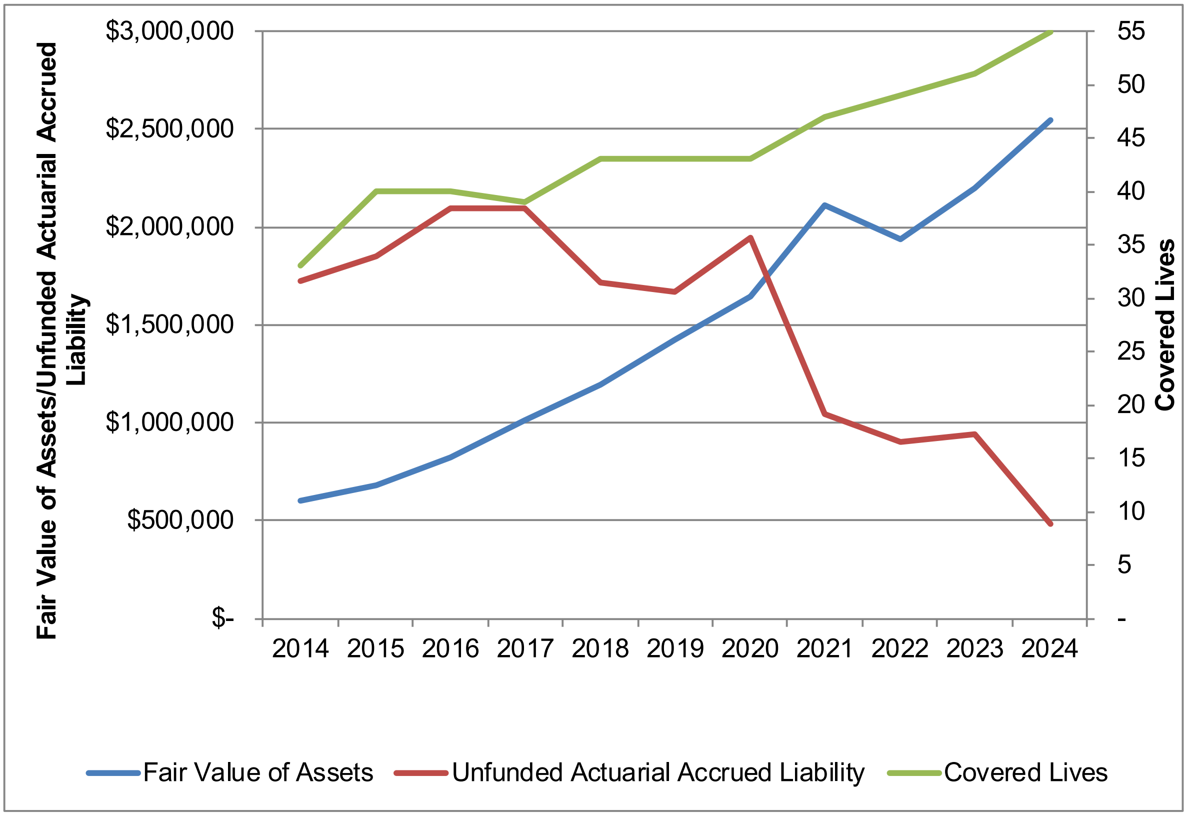
[2] District population of 29,040 per the 2010 Census data for zip code 94903

[3] District population of 30,340 per the 2020 Census data for zip code 94903

[4] Clarified title to "Total Parcels Connected" beginning in 2020 instead of "Total Connections", restated Total Parcels Connected for years 2021 and 2022.

[5] Right-To-Use Lease Payable liability reporting began in 2023, restated FY 2023 and FY 2024.

Other Postemployment Benefits Funding Status and Covered Lives for the Past Ten Fiscal Years



Fiscal Year Measurement Date June 30,	Fair Value of Assets	Actuarial Accrued Liability	Covered Lives
2013	$ 433,543	$ 1,844,973	33
2014	$ 601,454	$ 1,721,266	33
2015	$ 684,028	$ 1,854,011	40
2016	$ 822,086	$ 2,093,879	40
2017	$ 1,011,581	$ 2,094,980	39
2018	$ 1,191,718	$ 1,716,981	43
2019	$ 1,422,668	$ 1,672,079	43
2020	$ 1,641,492	$ 1,948,431	43
2021	$ 2,115,239	$ 1,040,509	47
2022	$ 1,938,736	$ 899,028	49
2023	$ 2,197,820	$ 938,243	51
2024	$ 2,549,369	$ 483,810	55

Source: Las Gallinas Valley Sanitary District records

Demographic and Economic Statistics
for the Past Ten Fiscal Years

Fiscal Year Ended June 30,	Population [1]	Personal Income ($000)[1]	Per Capita Personal Income ($000)[1]	School Enrollment[2]	Unemployment Rate[3]
2016	260,651	$ 30,222,883	$ 115,952	33,633	3.5%
2017	260,955	$ 32,395,707	$ 124,731	33,741	2.4%
2018	259,666	$ 34,866,708	$ 134,275	33,441	2.2%
2019	259,085	$ 35,987,604	$ 138,903	34,333	2.5%
2020	257,332	$ 37,461,199	$ 145,575	34,223	10.0%
2021	259,162	$ 42,936,183	$ 165,673	32,815	4.8%
2022	256,018	$ 43,824,350	$ 171,177	31,689	2.7%
2023	254,407	45,939,619	180,575	31,335	3.4%
2024	Unavailable	Unavailable	Unavailable	31,263	5.2%
2025	Unavailable	Unavailable	Unavailable	30,077	4.5%

Notes / Sources:

[1] US Department of Commerce, Bureau of Economic Analysis - www.bea.gov, the most recently available data is for 2023. Data for 2024 and 2025 unavailable at time of audit publication.

[2] California Department of Education, Educational Demographics Office - www.ed-data.org/County/Marin, the most recently available data is for FY 2024-25, Cumulative Enrollment.

[3] Employment Development Department, Labor Market Information - www.labormarketinfo.edd.ca.gov

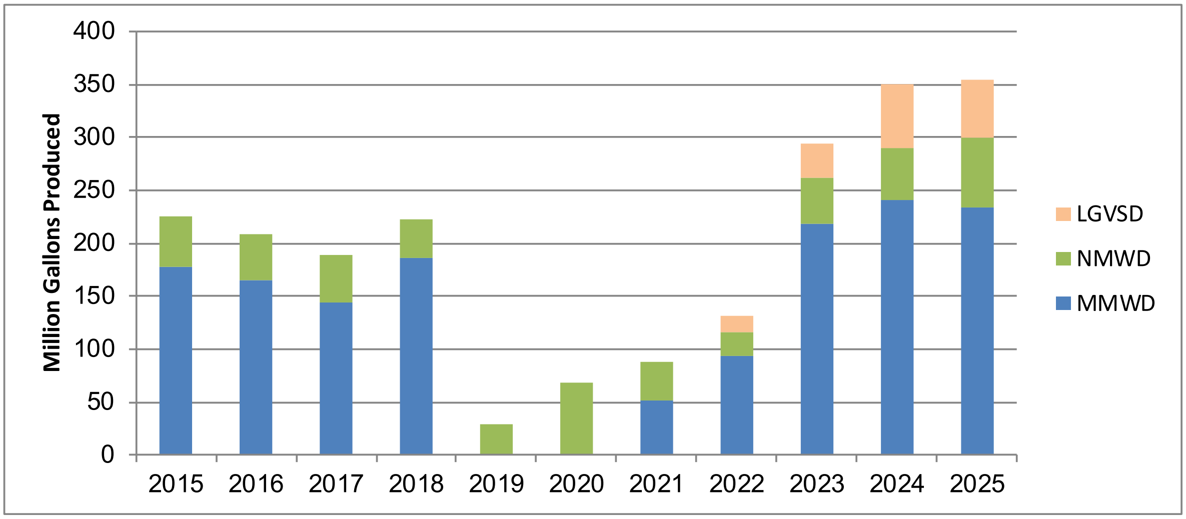
Principal Employers In Marin County
Current Fiscal Year and Nine Years Ago

2024			2015		
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment
Kaiser Permanente	5,012	3.98%	County of Marin	2,125	1.55%
BioMarin Pharmaceutical	3,401	2.70%	San Quentin State Prison	1,705	1.24%
County of Marin	2,506	1.99%	Marin General Hospital	1,575	1.15%
Marin Health Medical Center	1,900	1.51%	Kaiser Permanente Medical Center	1,378	1.01%
Corrections Department	1,233	0.98%	Autodesk, Inc.	850	0.62%
YMCA San Francisco	1,096	0.87%	BioMarin Pharmaceutical	834	0.61%
RH (Restoration Hardware)	1,048	0.83%	Novato Unified School District	763	0.56%
Bay Equity	1,012	0.80%	Fireman's Fund Insurance Co.	721	0.53%
Glassdoor Inc.	860	0.68%	Lucas Film Ltd.	610	0.45%
College of Marin	508	0.40%	Bradley Real Estate	422	0.31%
Total	18,576	14.77%	Total	10,983	8.02%
Total County Employment	**125,800**		**Total County Employment**	**137,000**	

Sources:
Most recent available data from the County of Marin Annual Comprehensive Financial Report for FY ending June 30, 2024
Community Prilfe, County of Marin

Employment Development Department, Labor Market Information - www.Labormarketinfo.edd.ca.gov

Recycled Water Production
for the Past Ten Fiscal Years



Fiscal Year Ended June 30,	Million Gallons Produced [2] MMWD	NMWD	LGVSD	Increase (Decrease) [3]
2015	176.91	48.96		-15.00%
2016	164.98	43.97		-7.49%
2017	143.86	45.53		-9.36%
2018	186.66	36.44		17.80%
2019	0 [1]	28.87		-87.06%
2020	0 [1]	68.60		137.62%
2021	51.23 [1]	36.97		28.57%
2022	94.20	22.24	14.90	48.91%
2023	218.19	43.25	32.00	123.42%
2024	240.80	48.75	60.45	19.27%
2025	234.28	65.09	54.86	1.21%

Source: Las Gallinas Valley Sanitary District records

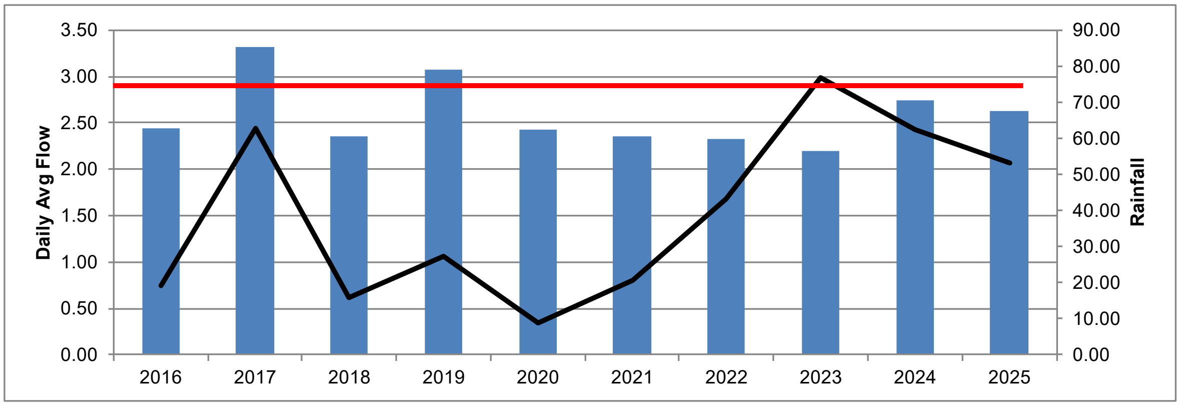
[1] MMWD temporaily suspended intake of water until the Recycled Water Expansion Project was complete. Recycled water service restarted the end of March 2021.

[2] Added Las Gallinas Valley Sanitary District (LGVSD) Use of Recycled Water starting in 2022.

[3] Restated Increase / Decrease % for Fiscal Years 2022 and 2023 to included LGVSD production use.

Las Gallinas Valley Sanitary District

Daily Average Influent Flow for the Past Ten Fiscal Years



Rainfall
Treatment Plant Dry Weather Permitted Capacity of 2.92 MGD

Fiscal Year Ended June 30,	Daily Average Flow (MGD)[1]	Increase (Decrease)	Rainfall		Increase (Decrease)
2016	2.44	0.41%	19.10	1	-27.95%
2017	3.32	35.98%	62.80	2	228.80%
2018	2.36	-28.87%	15.67	3	-75.05%
2019	3.07	30.08%	27.44	3	75.11%
2020	2.42	-21.17%	8.89	3	-67.60%
2021	2.36	-2.48%	20.66	4	132.40%
2022	2.33	-1.27%	43.16	4	108.91%
2023	2.19	-6.01%	76.96	4	78.31%
2024	2.74	25.11%	62.23	4	-19.14%
2025	2.63	-4.01%	53.28	4	-14.38%

Sources:

[1] Las Gallinas Valley Sanitary District records

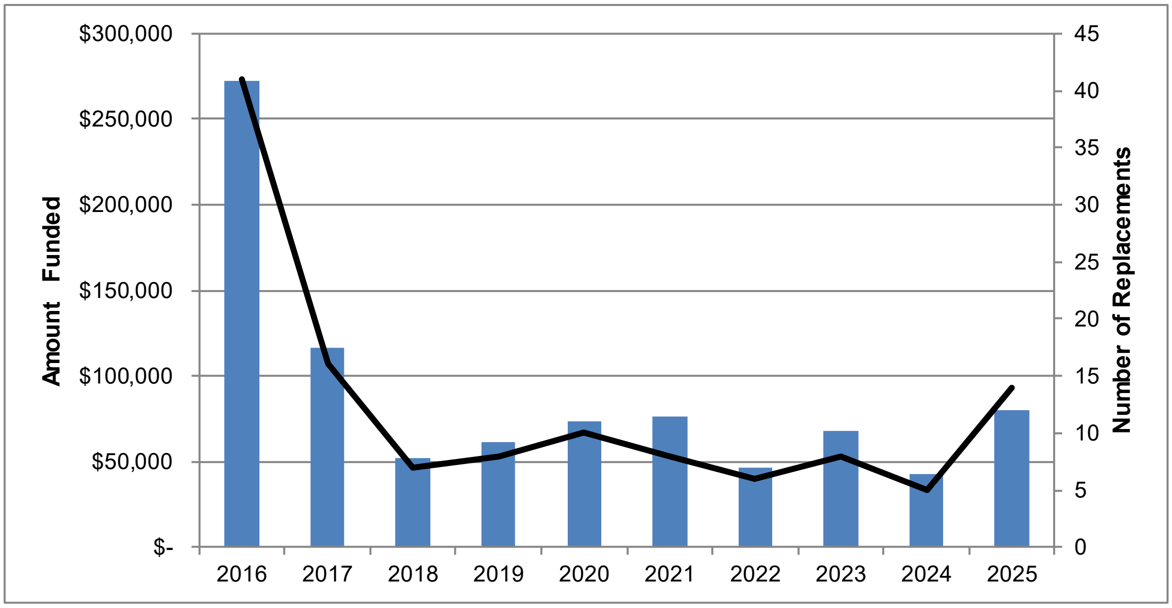
[2] National Weather Service Forecast Office, http://w2.weather.gov/climate/xmacis.php?wfo=mtr for San Rafael Civic Center, July - June

[3] North Marin Water District weather monitoring station at Highways 37 and 101 near Black Pointe.

[4] Marin Water District weather monitoring station at Lake Lagunitas, total as of June 30.

Note: Concentrated efforts by the District to reduce infiltration and inflow (I&I) to the sewer collection system during wet weather events through its repair, replacement and maintenance program is demonstrated in the above graph. As rainfall increases, there been a gradual decrease in daily average flow at the treatment plant; this indicates that the District's sewer rehabilitation program is reducing I&I into the sewer system.

Private Sewer Lateral Assistance Program for the Past Ten Fiscal Years



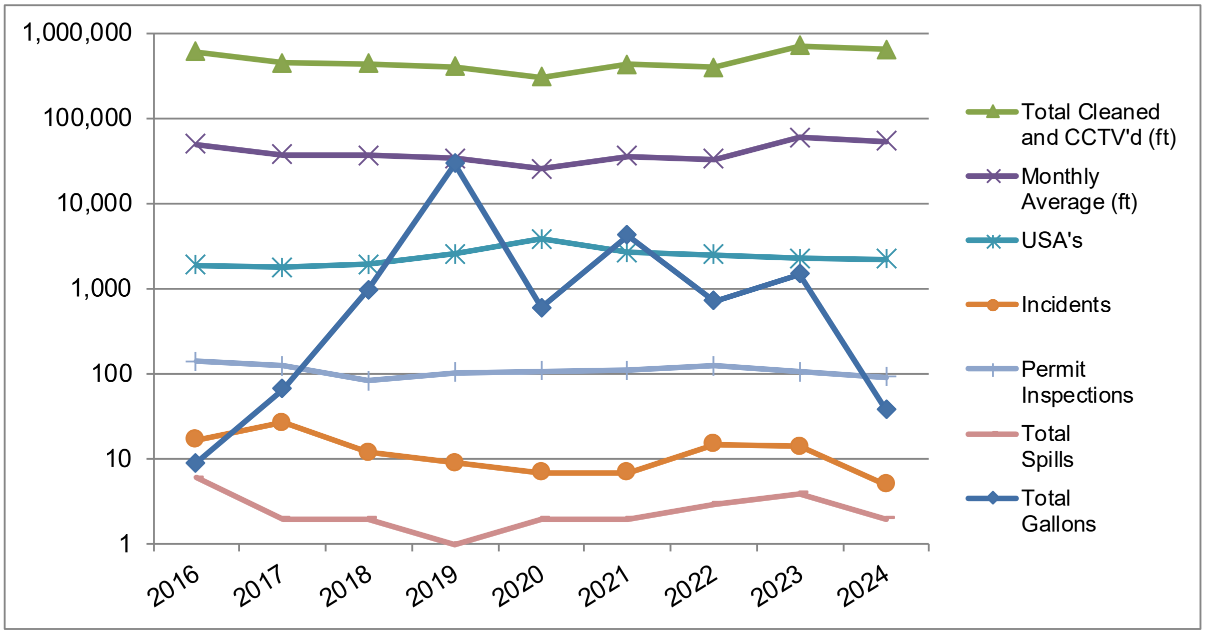
Fiscal Year Ended June 30,	Total Amount Funded		Increase (Decrease)	Number Newly Funded Replacements[1]	Increase (Decrease)
2016	$	272,322	57.60%	41	57.69%
2017	$	116,092	-57.37%	16	-60.98%
2018	$	52,406	-54.86%	7	-56.25%
2019	$	61,716	17.77%	8	14.29%
2020	$	73,397	18.93%	10	25.00%
2021	$	75,904	3.42%	8	-20.00%
2022	$	46,400	-38.87%	6	-25.00%
2023	$	68,045	46.65%	8	33.33%
2024	$	42,985	-36.83%	5	-37.50%
2025	$	79,735	85.49%	14	180.00%

Source: Las Gallinas Valley Sanitary District records

Note: The District began the Private Sewer Lateral Assistance Program in 2013 to help property owners repair and replace their laterals.

[1] FY2024-2025 included multiple small lateral assistance replacements due to coordination with private property owners during public sewer rehabilitation program.

Collection System Services
Past Ten Calendar Years



Calendar [(1)] Year	Cleaned and CCTV'd (ft)	Monthly Average (ft)	USA's	Incidents	Permit Inspections	Total Spills	Total Gallons
2015	573,209	47,767	1,467	29	190	6	1,964
2016	597,656	49,805	1,896	17	141	2	9
2017	444,989	37,082	1,773	27	125	2	67
2018	436,928	36,411	1,918	12	83	1	975
2019	400,286	33,357	2,548	9	104	2	29,080
2020	303,662	25,305	3,803	7	108	2	601
2021	429,304	35,775	2,681	7	111	3	4,238
2022	394,300	32,858	2,509	15	125	4	710
2023	710,330	59,194	2,268	14	106	2	1,485
2024	637,030	53,086	2,212	5	91	2	38

Source: Las Gallinas Valley Sanitary District records

(1) Reporting for calendar year ended during audit period.

Note: CCTV is video recording of the sewer mains and lateral performed with a mobile unit.
A USA is a request by the Underground Service Alert system to mark utility lines on public and private property. The purpose of the program is to prevent damage to the District's sewer system.

Las Gallinas Valley Sanitary District

Full-Time Equivalent Employees by Function for the Past Ten Fiscal Years

Fiscal Year Ended June 30,	Operations	Engineering	Laboratory[1]	Collection System	Administration	Board	Total
2016	7	3	2	5	4	5	26
2017	7	3	2	5	4	5	26
2018	7	2	2	5	4	5	25
2019	7	2	2	5	4	5	25
2020	7	2	2	6	4	5	26
2021	8	2	2	8	5	5	30
2022	8	2	2	10	5	5	32
2023	8	3	2	12	5	5	35
2024	8	3	2	12	6	5	36
2025	8	3	3	12	6	5	37

Source: Las Gallinas Valley Sanitary District records

Notes:

[1] 2006-2008 counts associated with paid interns

OTHER INFORMATION

Las Gallinas Valley Sanitary District

Digester Improvement Project

Sludge Lagoon Liner Replacement Project and Pond Sampling Pier

Glossary of Acronyms

In order to help the reader better understand the terms and abbreviations used in this document, management is providing a list of acronyms and their definitions.

ACRONYM	NAME	DEFINITION
AAL	Actuarial Accrued Liability	The actuarial present value of all postemployment benefits attributable to past service.
AICPA	American Institute of Certified Public Accountants	The national professional organization of Certified Public Accountants (CPAs) in the United States. It sets ethical standards for the profession and U.S. auditing standards for audits of private companies, nonprofit organizations, federal, state and local governments. It also develops and grades the Uniform CPA Examination.
AOC	Annual OPEB Cost	An accrual-basis measure of the periodic cost of an employer's participation in a defined benefit OPEB plan. The annual OPEB cost is the amount that must be calculated and reported as an expense.
ARC	Annual Required Contribution	The employer's periodic required contributions to a defined benefit OPEB plan, calculated in accordance with the parameters.
Auditors' Opinion	Unmodified Opinion	An opinion is said to be unmodified when the Auditor concludes that the Financial Statements give a true and fair view in accordance with the financial reporting framework used for the preparation and presentation of the Financial Statements. An Auditor gives a Clean opinion or Unmodified Opinion when he or she does not have any significant reservation in respect of matters contained in the Financial Statements. The most frequent type of report is referred to as the "Unmodified Opinion," and is regarded by many as the equivalent of a "clean bill of health" to a patient, which has led many to call it the "Clean Opinion," but in reality it is not a clean bill of health, because the Auditor can only provide reasonable assurance regarding the Financial Statements, not the health of the entity itself, or the integrity of company records not part of the foundation of the Financial Statements. This type of report is issued by an auditor when the financial statements presented are free of material misstatements and are represented fairly in accordance with the Generally Accepted Accounting Principles (GAAP), which in other words means that the entity's financial condition, position, and operations are fairly presented in the financial statements. It is the best type of report an auditee may receive from an external auditor.

ACRONYM	NAME	DEFINITION
ACFR	Annual Comprehensive Financial Report	A set of U.S. government financial statements comprising the financial report of a state, municipal or other governmental entity that complies with the accounting requirements promulgated by the GASB.
CalPERS	California Public Employees Retirement System	The California Public Employees' Retirement System is an agency in the California executive branch that "manages pension and health benefits for more than 1.6 million California public employees, retirees, and their families."
CAMP	California Asset Management Program	A California Joint Powers Authority established in 1989 to provide California public agencies with professional investment services, including CAMP Pool, a fully liquid, stable net asset value (NAV) investment option.
CERBT	California Employers' Retiree Benefit Trust	An investment vehicle that can be used by all California public employers to prefund future retiree health and OPEB.
CLASS	California Cooperative Liquid Assets Security System	A Joint Powers Authority investment pool that provides public agencies the opportunity to invest funds on a cooperative basis in rated pools that are managed in accordance with state law with the primary objectives of offering Participants safety, daily and next-day liquidity, and optimized returns.
CSRMA	California Sanitation Risk Management Association	A joint powers authority which provides broad coverage and risk management services to its members who are primarily local government agencies that provide water and wastewater services.
COP	Certificates of Participation	A financial document that is used by a municipal government or other government entity creates a bond issue. Revenues of the issuer are pledged to repay the bonds rather than being secured by property.
ERAF	Education Revenue Augmentation Funds	A fund used to collect the property taxes in each county that are shifted from cities, the county and special districts prior to their reallocation to K-14 school agencies. The county treasurer maintains the ERAF on behalf of the county auditor.

Glossary of Acronyms (continued)

ACRONYM	NAME	DEFINITION
FASB	Financial Accounting Standards Board	Financial Accounting Standards Board (FASB) is a private, not-for-profit organization whose primary purpose is to develop generally accepted accounting principles (GAAP) within the United States in the public's interest.
FOG	Fats, Oils and Grease	Substances than can cause overflows of sanitary sewer systems if not disposed of properly.
GAAP	Generally Accepted Accounting Principles	The standard framework of guidelines for financial accounting used in any given jurisdiction; generally known as accounting standards or standard accounting practice. These include the standards, conventions, and rules that accountants follow in recording and summarizing and in the preparation of financial statements.
GASB	Governmental Accounting Standards Board	Currently the source of generally accepted accounting principles (GAAP) used by state and local governments in the United States of America.
I&I	Infiltration and Inflow	Infiltration is groundwater entering sanitary sewers through defective pipe joints and broken pipes. Inflow is water entering sanitary sewers from inappropriate connections such as roof drains, cellar drains, and yard drains.
LAIF	Local Agency Investment Fund	A fund managed by the Office of the Treasurer of the State of California, which is available for local governments.
MD&A	Management Discussion and Analysis	An integrated part of the annual financial statements. The purpose of the MD&A is to provide a narrative explanation, through the eyes of management, of how an entity has performed in the past, its financial condition, and its future prospects.
MGD	Million Gallons per Day	Measurement unit used for calculating volume of wastewater treated at the plant.
MMWD	Marin Municipal Water District	Water agency for Marin County serving areas south of Ignacio.
NBWRA	North Bay Water Reuse Authority	A coordinated regional group of water and sanitation agencies in Sonoma, Marin, and Napa Counties to offset potable water demand by promoting water reuse for agriculture, urban, and environmental uses.

NMWD	North Marin Water District	Water agency for Marin County serving areas north of Ignacio and some coastal communities.
OPEB	Other Postemployment Benefits	Postemployment benefits other than pension benefits. Other postemployment benefits (OPEB) include postemployment healthcare benefits, regardless of the type of plan that provides them, and all postemployment benefits provided separately from a pension plan, except benefits defined as special termination benefits.

Other Independent Auditors' Reports

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A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Las Gallinas Valley Sanitary District
San Rafael, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Las Gallinas Valley Sanitary District (District), which comprise the balance sheet as of June 30, 2025, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 4, 2025.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Jeff Nigro, CPA, CFE | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA | Jared Solmonsen, CPA

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nigro & Nigro, PC

Walnut Creek, California
December 4, 2025

APPENDIX B

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INSTALLMENT PURCHASE AGREEMENT AND THE INDENTURE

INSTALLMENT PURCHASE AGREEMENT

DEFINITIONS

Unless the context otherwise requires, the terms that are defined in the Installment Purchase Agreement will for all purposes thereof and of any amendment thereof or supplement thereto and of any report or other document mentioned that is therein have the meanings that are defined therein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms that are defined therein. All capitalized terms used in the Installment Purchase Agreement and not defined therein have the meanings that are ascribed thereto in the Indenture.

Accountant's Report. The term "Accountant's Report" means a report signed by an Independent Certified Public Accountant.

Acquisition Fund. The term "Acquisition Fund" means the fund by that name created pursuant to the Installment Purchase Agreement.

Additional Revenues.

The term "Additional Revenues" means:

(i) An allowance for Net Revenues from any additions or improvements to or extensions of the Wastewater System to be made with the proceeds of the applicable Bonds or Contracts 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 the latest Fiscal Year or for any more recent consecutive 12-month period selected by the District, 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 by the certificate or opinion of a qualified independent engineer employed by the District; and

(ii) An allowance for Net Revenues arising from any increase in the charges made for service from the Wastewater System which has been adopted prior to the incurring of the applicable Bonds or Contracts but which, during all or any part of the latest Fiscal Year or for any more recent consecutive 12-month period selected by the District, was not in effect, in an amount equal to the total 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 12-month period, all as shown by the certificate or opinion of an Independent Certified Public Accountant or Independent Fiscal Consultant employed by the District.

Authority. The term "Authority" means Marin Public Financing Authority, a joint exercise of powers agency that is duly organized pursuant to the JPA Agreement and existing under and by virtue of the laws of the State of California.

Bank of Marin Loan. The term "Bank of Marin Loan" means that certain loan obtained by the District from the Bank of Marin executed in 2011.

Bonds. The term "Bonds" means all revenue bonds or notes of the District that are authorized, executed, issued and delivered by the District, the payments of which are payable from Net Revenues on a parity with the Series 2026 Installment Payments and which are secured by a pledge of and lien on Revenues as described in the Installment Purchase Agreement.

Contracts. The term "Contracts" means the Installment Purchase Agreement, and any amendments and supplements hereto, and all contracts of the District previously or later authorized and executed by the District, the Installment Payments or payments under which are payable from Net Revenues on a parity with the Series 2026 Installment Payments and which are secured by a pledge and lien on Revenues as described in the Installment Purchase Agreement, including the 2017 Installment Sale Agreement, the Bank of Marin Loan, the iBank Loan and the SRF Loan; and excluding contracts entered into for operation and maintenance of the Wastewater System.

Debt Service. The term "Debt Service" means, for any period of calculation, the sum of: (i) the interest accruing during such period on all outstanding Bonds, assuming that all outstanding serial Bonds are retired as scheduled and that all outstanding term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized or is reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program); (ii) those portions of the principal amount of all outstanding serial Bonds maturing in such period, but excluding Excluded Principal; (iii) those portions of the principal amount of all outstanding term Bonds required to be prepaid or paid in such period, but excluding Excluded Principal; and (iv) those portions of the Contracts that are required to be paid during such period, (except to the extent that the interest that is evidenced and represented thereby is capitalized or is reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program and excluding Excluded Principal); but less the earnings to be derived from the investment of moneys on deposit in debt service reserve funds established for Bonds or Contracts; provided that, as to any such Bonds or Contracts bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service will, for all purposes, be assumed to be a fixed rate equal to the higher of: (1) the then current variable interest rate borne by such Bonds or Contract plus 1%; and (2) the highest variable rate borne over the preceding 3 months by outstanding variable rate debt issued by the District or, if no such variable rate debt is at the time outstanding, by variable rate debt of which the interest rate is computed by reference to an index that is comparable to that to be utilized in determining the interest rate for the debt then proposed to be issued; provided further that if any series or issue of such Bonds or Contracts have 25% or more of the aggregate principal amount of such series or issue due in any one year (and such principal is not Excluded Principal), Debt Service will be determined for the period of determination as if the principal of and interest on such series or issue of such Bonds or Contracts were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of 25 years from the date of calculation; and provided further that, as to any such Bonds or Contracts or portions thereof which bear no interest but which are sold at a discount and which discount accretes with respect to such Bonds or Contracts or portions thereof, such accreted discount will be treated as interest in the calculation of Debt Service; and provided further that if the Bonds or Contracts constitute interest rate swap agreements or other paired obligations, the interest rate on such Bonds or Contracts will be the resulting linked rate or the effective fixed interest rate to be paid by the District with respect to such paired obligations; and provided further that the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service will be deducted from the amount of principal due at the final maturity of the Bonds and Contracts for which such debt service reserve fund was established and, to the extent that the amount in such debt service reserve fund is in excess of such amount of principal, such excess will be applied to the full amount of principal due, in each preceding year, in descending order, until such amount is exhausted.

District. The term "District" means Las Gallinas Valley Sanitary District, a special district that is duly organized and existing under and by virtue of the general laws of the State of California.

Event of Default. The term "Event of Default" means an event that is described as such in the Installment Purchase Agreement.

Excluded Principal The term "Excluded Principal" means each payment of principal of any Bond or Contract: (1) which is commercial paper or otherwise of a revolving or short-term nature and has a maturity of less than 60 months; and (2) for which a certificate of an authorized representative of the District has been prepared to the effect that the District intends to pay such principal from the proceeds of Bonds, Contracts, other bonds, notes or other obligations or moneys other than Revenues. No such determination will affect the security for such Bonds or Contracts or the obligation of the District to pay such Bonds or Contracts from the sources set forth in the applicable resolution or contract.

Fiscal Year. The term "Fiscal Year" means the twelve month period beginning on July 1 of each year and ending on the next succeeding June 30, both dates inclusive, or any other twelve-month period later selected and designated as the official fiscal year period of the District.

General Manager. The term "General Manager" means the General Manager of the District, or any other person that is designated by the General Manager to act on behalf of the General Manager.

iBank Loan. The term "iBank Loan" means that certain loan obtained the District from the California Infrastructure and Economic Development Bank in May 2019 that matures in 2043.

Indenture. The term "Indenture" means the Indenture of Trust, dated as of the date of the Installment Purchase Agreement, by and between the District and the Authority, relating to the 2026A Bonds.

Independent Certified Public Accountant. The term "Independent Certified Public Accountant" means any firm of certified public accountants that is appointed by the District, and each of whom is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

Independent Financial Consultant. The term "Independent Financial Consultant" means a financial consultant or firm of such consultants that is appointed by the District, and who, or each of whom: (1) is in fact independent and not under domination of the District; (2) does not have any substantial interest, direct or indirect, with the District; and (3) is not connected with the District as an officer or employee of the District, but who may be regularly retained to make reports to the District.

Installment Payment Date. The term "Installment Payment Date" means any date on which Installment Payments are scheduled to be paid by the District under and pursuant to any Contract.

Installment Payments. The term "Installment Payments" means the Installment Payments of interest and principal scheduled to be paid by the District under and pursuant to the Contracts.

Installment Purchase Agreement. The term "Installment Purchase Agreement" means the Installment Purchase Agreement, by and between the District and the Authority, dated as of February 1, 2026, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

JPA Agreement. The term "JPA Agreement" means that certain Joint Exercise of Powers Agreement, dated January 24, 2017, by and between the District and the Sausalito-Marin City Sanitary District, which is duly organized and existing under the laws of the State, as amended from time to time.

Net Proceeds. The term "Net Proceeds" means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys' fees) incurred in the collection of such proceeds.

Net Revenues. The term "Net Revenues" means, for any Fiscal Year, the Revenues for such Fiscal Year less the Operation and Maintenance Costs for such Fiscal Year. When held by the Trustee in any funds or accounts established under the Installment Purchase Agreement, Net Revenues will include all interest or gain derived from the investment of amounts in any of such funds or accounts.

Operation and Maintenance Costs. The term "Operation and Maintenance Costs" means costs spent or incurred for maintenance and operation of the Wastewater System calculated in accordance with generally accepted accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses that are necessary to maintain and preserve the Wastewater System in good repair and working order, and including administrative costs of the District that are charged directly or apportioned to the Wastewater System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, and including all other reasonable and necessary costs of the District or charges (other than debt service payments) required to be paid by it to comply with the terms of the Installment Purchase Agreement or of the Indenture or any Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds; but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature and all capital charges and any amounts that are transferred to the Rate Stabilization Fund, if established.

Project. The term "Project" means additions, betterments, extensions or improvements to the District's facilities designated by the Board of Directors of the District as a Project, the acquisition and construction of which is to be paid for by the proceeds of any Contracts or Bonds.

Purchase Price. The term "Purchase Price" means the principal amount plus interest thereon owed by the District to the Authority under the terms of the Installment Purchase Agreement as provided therein.

Rate Stabilization Fund. The term "Rate Stabilization Fund" means the fund by that name that is described in the Installment Purchase Agreement.

Revenue Fund. The term "Revenue Fund" means the fund by that name that is established pursuant to the Installment Purchase Agreement.

Revenues. The term "Revenues" means all gross charges received for, and all other gross income and receipts derived by the District from, the ownership and operation of the Wastewater System or otherwise arising from the Wastewater System, including but not limited to:

(i) all amounts levied by the District as a fee for connecting to the Wastewater System, as such fee is established for time to time under the applicable laws of the State of California;

(ii) all income, rents, rates, fees, capital improvement fees, charges and other moneys derived from the services and facilities furnished or supplied through the facilities of the Wastewater System;

(iii) *ad valorem* property taxes allocated to the District (but as provided below, not including ad valorem property taxes levied to pay any general obligation bond indebtedness of the District with respect to the Wastewater System);

(iv) the earnings on and income derived from the investment of such income, rents, rates, fees, charges or other moneys to the extent that the use of such earnings and income is limited by or under applicable law to the Wastewater System;

(v) the proceeds derived by the District directly or indirectly from the sale, lease or other disposition of a part of the Wastewater System as permitted under the Installment Purchase Agreement; and

(vi) amounts transferred into the Revenue Fund from the Rate Stabilization Fund in accordance with the Installment Purchase Agreement.

The term "Revenues" does not include (i) customers' deposits or any other deposits subject to refund until such deposits have become the property of the District, (ii) the proceeds of any ad valorem property taxes levied to pay any general obligation bond indebtedness of the District with respect to the Wastewater System, (iii) special assessments or special taxes levied upon real property within any improvement district for the purpose of paying special assessment bonds or special tax obligations of the District, and (iv) amounts transferred from the Revenue Fund into the Rate Stabilization Fund during a fiscal year in accordance with the Installment Purchase Agreement but only to the extent that any amounts transferred from the Revenue Fund into the Rate Stabilization Fund were included in Revenues for that fiscal year.

Series 2026 Installment Payment Date. The term "Series 2026 Installment Payment Date" means the third (3rd) Business Day prior to April 1 and October 1 of each year, commencing on October 1, 2026.

Series 2026 Installment Payments. The term "Series 2026 Installment Payments" means that certain Installment Payments scheduled to be paid by the District under and pursuant to the Installment Purchase Agreement.

SRF Loan. The term "SRF Loan" means that certain loan obtained by the District from the State Water Resources Control Board entered into in May 2010, as amended that matures in 2032.

Trustee. The term "Trustee" means U.S. Bank Trust Company, National Association, acting in its capacity as Trustee under and pursuant to the Indenture, and its successors and assigns.

Wastewater Service. The term "Wastewater Service" means the wastewater treatment and disposal service that is made available or provided by the Wastewater System.

Wastewater System. The term "Wastewater System" means the whole and each and every part of the wastewater system of the District, including all real property and buildings, including the portion thereof existing on the date of the Installment Purchase Agreement, and including all additions, betterments, extensions and improvements to such wastewater system or any part thereof later acquired or constructed, but excluding any wastewater system that is acquired through merger, consolidation or similar action, to the extent that the exclusion of such acquired wastewater system is required pursuant to the term of such merger, consolidation or similar action. In the event that the District establishes a recycled water system in the future, such recycled water system will be included as part of the Wastewater System.

2017 Installment Sale Agreement. The term "2017 Installment Sale Agreement" means that certain Installment Sale Agreement, dated as of April 1, 2017, by and between the District and the Authority, the installment payments under which secure the Authority's (Las Gallinas Valley Sanitary District) 2017 Revenue Bonds.

2026 Project. The term "2026 Project" means the additions, betterments, extensions and improvements to the District's Wastewater System facilities, including real property and buildings, if any, which are described as such in the Installment Purchase Contract.

2026A Bonds. The term "2026A Bonds" means the Marin Public Financing Authority Wastewater Revenue Bonds, Series 2026A, issued pursuant to the Indenture.

ACQUISITION AND CONSTRUCTION OF PROJECTS

Acquisition and Construction of the 2026 Project. The Authority has agreed to cause the 2026 Project and any additions or modifications thereto to be acquired by the District as its agent. The District will provide for, as agent for the Authority, acquisition and construction of the 2026 Project in accordance with all applicable laws. The District has agreed that it will cause the acquisition and construction of the 2026 Project to be diligently performed after the deposit of funds with the Trustee pursuant to Indenture, and that it will use its best efforts to cause the acquisition and construction of the 2026 Project to be completed. It has been understood and agreed that the Authority will be under no liability of any kind or character whatsoever for the payment of any cost of the 2026 Project and that all such costs and expenses will be paid by the District.

Changes to the 2026 Project. The District may substitute other improvements for those listed as components of the 2026 Project in the Installment Purchase Agreement, but only if the District first files with the Authority and the Trustee a statement of the District in the form attached to the Installment Purchase Agreement: (a) identifying the improvements to be substituted and the improvements to District facilities they replace in the 2026 Project; and (b) stating that the estimated costs of construction, acquisition and installation of the substituted improvements are not less than such costs for the improvements previously planned.

Purchase and Sale of 2026 Project. In consideration for the Installment Payments, the Authority has agreed to sell, and has sold, to the District, and the District has agreed to purchase, and has purchased, from the Authority, the 2026 Project at the purchase price that is specified in the Installment Purchase Agreement and otherwise in the manner and in accordance with the provisions of the Installment Purchase Agreement.

Title. All right, title and interest in each component of the 2026 Project will vest in the District immediately upon acquisition or construction thereof. Such vesting will occur without further action by the Authority or the District, and the Authority will, if requested by the District or if necessary to assure such automatic vesting, deliver any and all documents which are required to assure such vesting.

Acquisition Fund. There has been established with the Trustee pursuant to the Indenture the Acquisition Fund. The moneys in the Acquisition Fund will be held by the Trustee in trust and applied to the payment of the costs of acquisition and construction of the 2026 Project and of expenses incidental thereto. Before any payment is made from the Acquisition Fund by the Trustee, the Administrative Services Manager of the District, acting as agent of the Authority, will cause to be filed with the Trustee a certificate of the District in the form set forth in the Installment Purchase Agreement.

INSTALLMENT PAYMENTS

Purchase Price. (a) The Purchase Price to be paid by the District under the Installment Purchase Agreement to the Authority is the sum of the principal amount of the District's obligations thereunder plus the interest to accrue on the unpaid balance of such principal amount from the effective date thereof over the term thereof, subject to prepayment as provided in the Installment Purchase Agreement. (b) The principal amount of the payments to be made by the District under the Installment Purchase Agreement is set forth therein. (c) The interest to accrue on the unpaid balance of such principal amount is as specified in the Installment Purchase Agreement, and will be paid by the District as and constitute interest paid on the principal amount of the District's obligations thereunder.

Series 2026 Installment Payments. The District will, subject to its rights of prepayment provided in the Installment Purchase Agreement, pay the Authority the Purchase Price in installment payments of interest and principal in the amounts and on the Series 2026 Installment Payment Dates as set forth in the Installment Purchase Agreement.

Each Series 2026 Installment Payment will be paid to the Authority in lawful money of the United States of America. In the event that the District fails to make any of the payments which are required to be made by it under the Installment Purchase Agreement, such payment will continue as an obligation of the

District until such amount has been fully paid, and the District has agreed to pay the same with interest accruing thereon at the rate or rates of interest then applicable to the remaining unpaid principal balance of the Series 2026 Installment Payments if paid in accordance with their terms.

The obligation of the District to make the Series 2026 Installment Payments is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IX), the District will not discontinue or suspend any Series 2026 Installment Payment which is required to be made by it under this section when due, whether or not the Wastewater System or any part thereof is operating or operable or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and whether or not the 2026 Project has been completed, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

SECURITY

Pledge of Revenues. The Revenues, other amounts that are on deposit in the Revenue Fund, amounts that are transferred from the Rate Stabilization Fund, if established, to the Revenue Fund as described in the Installment Purchase Agreement, and any other amounts (including proceeds of the sale of the 2026A Bonds) which are held in any fund or account that is established pursuant to the Installment Purchase Agreement (except the Rate Stabilization Fund, if established (other than those amounts which are transferred by the District from the Rate Stabilization Fund, if established, to the Revenue Fund)), have been irrevocably pledged to the payment of the Series 2026 Installment Payments. Except for the payment of the Operation and Maintenance Costs, the Revenues may not be used for any other purpose while any of the Series 2026 Installment Payments remain unpaid; provided that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted in the Installment Purchase Agreement. The foregoing pledge will constitute a first lien on Revenues, the Revenue Fund and the other funds and accounts that are created under the Installment Purchase Agreement for the payment of the Series 2026 Installment Payments and all other Contracts and Bonds in accordance with the terms of the Installment Purchase Agreement and of the Indenture.

Allocation of Revenues. In order to carry out and effectuate the pledge and lien contained in the Installment Purchase Agreement, the District has agreed and covenanted that all Revenues will be received by the District in trust thereunder and will be deposited when and as received in a special fund designated as the "Revenue Fund," which fund the District has been established and which fund the District has agreed and covenanted to maintain and to hold separate and apart from other funds so long as any Installment Payments or Bonds remain unpaid. Moneys in the Revenue Fund will be used and applied by the District as provided in the Installment Purchase Agreement.

The District will, from the moneys in the Revenue Fund, pay all Operation and Maintenance Costs (including amounts which are reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as they become due and payable. All remaining moneys in the Revenue Fund will be set aside by the District at the following times in the following respective special funds in the following order of priority, and all moneys in each of such funds will be held in trust and will be applied, used and withdrawn only for the purposes authorized in the Installment Purchase Agreement:

(a) 2026A Bond Payment Fund. On or before each Series 2026 Installment Payment Date, the District will, from remaining moneys in the Revenue Fund, transfer to the Trustee for deposit in the 2026A Bond Payment Fund an amount that is equal to the interest and principal payable and coming due on the next succeeding Series 2026 Installment Payment Date. The District will also, from the moneys in the Revenue Fund, transfer to the applicable trustee for deposit in the applicable payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service in accordance with the provisions of the Contract, Bond, resolution or indenture relating thereto.

Any moneys which are on deposit in the 2026A Bond Payment Fund on each Series 2026 Installment Payment Date (other than amounts required for the payment of past due principal or interest with respect to any 2026A Bonds not presented for payment) will be credited to the payment of the Series 2026 Installment Payments due and payable on such date. No deposit need be made in the 2026A Bond Payment Fund as Series 2026 Installment Payments if the amount in the 2026A Bond Payment Fund is at least equal to the amount of the Series 2026 Installment Payment that is due and payable on the next succeeding Series 2026 Installment Payment Date.

(b) Reserve Funds. On or before each Series 2026 Installment Payment Date, the District will, from remaining moneys in the Revenue Fund, thereafter, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the applicable trustee for deposit to such other reserve fund or account for Bonds or Contracts an amount that is equal to the amount required to be deposited therein.

(c) Surplus. Moneys on deposit in the Revenue Fund which are not necessary to make any of the payments which are required above may be expended by the District at any time for any purpose permitted by law or deposited in the Rate Stabilization Fund, if established.

(d) Additional Contracts and Bonds. The District may at any time execute any Contract or issue any Bonds, as the case may be, in accordance herewith; provided that:

(a) No Event of Default has occurred under the Installment Purchase Agreement and is continuing, nor in connection with any other existing Bonds or Contracts; and

(b) The amount of Net Revenues, excluding connection fees and transfers from the Rate Stabilization Fund, as shown by the books of the District for the most recent completed Fiscal Year for which audited financial statements of the District are available or for any more recent consecutive 12-month period selected by the District, in either case verified by an Independent Certified Public Accountant or an Independent Financial Consultant or shown in the audited financial statements of the District, plus at the option of the District any Additional Revenues, are at least equal to 125% of the amount of maximum annual Debt Service coming due and payable in the current or any future Bond Year with respect to all Bonds and Contracts then outstanding (including the Bonds then proposed to be issued or the Contract then proposed to be executed).

Notwithstanding the foregoing, Bonds issued or Contracts executed to refund Bonds or prepay Contracts may be delivered without satisfying the conditions set forth above if Debt Service in each Fiscal Year after the Fiscal Year in which such Bonds are issued or Contracts executed is not greater than Debt Service would have been in each such Fiscal Year prior to the issuance of such Bonds or execution of such Contracts.

In addition, at any time, the District may enter into obligations that are either unsecured or which are secured by Net Revenues on a basis that is junior and subordinate to the pledge of and lien upon the Net Revenues established under the Installment Purchase Agreement for the Bonds.

Investments. All moneys which are held by the District in the Revenue Fund will be invested in Permitted Investments and the investment earnings thereon will remain on deposit in such fund, except as otherwise provided in the Installment Purchase Agreement.

Rate Stabilization Fund. The District is authorized but not required to establish a special fund designated as the "Rate Stabilization Fund." If the District elects to establish a Rate Stabilization Fund, such fund will be held by the District in trust under the Installment Purchase Agreement. The District agrees and covenants to maintain and to hold such fund, if established, separate and apart from other funds so long as any Contracts or Bonds remain unpaid. Money transferred by the District from the Revenue Fund to the Rate

Stabilization Fund, if established, in accordance with the Installment Purchase Agreement will be held in the Rate Stabilization Fund and applied in accordance with the Installment Purchase Agreement.

The District may withdraw all or any portion of the amounts on deposit in the Rate Stabilization Fund, if established, and transfer such amounts to the Revenue Fund for application in accordance with the Installment Purchase Agreement or, in the event that all or a portion of the Series 2026 Installment Payments are discharged in accordance with Article VII, transfer all or any portion of such amounts for application in accordance with Article VII. Any such amounts transferred from the Rate Stabilization Fund, if established, to the Revenue Fund in accordance with the Indenture constitute pledged Revenues.

COVENANTS OF THE DISTRICT

Compliance with Installment Purchase Agreement and Ancillary Agreements. The District will punctually pay the Series 2026 Installment Payments in strict conformity with the terms of the Installment Purchase Agreement, and will faithfully observe and perform all of the agreements, conditions, covenants and terms contained therein which are required to be observed and performed by it, and will not terminate the Installment Purchase Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the 2026 Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Authority to observe or perform any agreement, condition, covenant or term which is contained in the Installment Purchase Agreement and required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected therewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Authority or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

The District will faithfully observe and perform all of the agreements, conditions, covenants and terms which are required to be observed and performed by it pursuant to all outstanding Contracts and Bonds as such may from time to time be executed or issued, as the case may be.

Against Encumbrances. The District will not make any pledge of or place any lien on Revenues or the moneys in the Revenue Fund except as provided in the Installment Purchase Agreement. In addition, the District may at any time, or from time to time, issue evidences of indebtedness or incur other obligations for any lawful purpose which are payable from and secured by a pledge of and lien on Revenues or any moneys in the Revenue Fund as may from time to time be deposited therein (as provided in the Installment Purchase Agreement), provided that such pledge and lien is subordinate in all respects to the pledge of and lien thereon provided in the Installment Purchase Agreement.

Against Sale or Other Disposition of Property. The District will not enter into any agreement or lease which impairs the operation of the Wastewater System or any part thereof which is necessary to secure adequate Revenues for the payment of the Series 2026 Installment Payments, or which would otherwise impair the rights of the Authority under the Installment Purchase Agreement or the operation of the Wastewater System. Any real or personal property which has become nonoperative or which is not needed for the efficient and proper operation of the Wastewater System, or any material or equipment which has become worn out, may be sold if such sale will not impair the ability of the District to pay the Series 2026 Installment Payments and if the proceeds of such sale are deposited in the Revenue Fund.

Nothing in the Installment Purchase Agreement restricts the ability of the District to sell any portion of the Wastewater System if such portion is immediately repurchased by the District and if such arrangement cannot by its terms result in the purchaser of such portion of the Wastewater System exercising any remedy which would deprive the District of or otherwise interfere with its right to own and operate such portion of the Wastewater System.

Against Competitive Facilities. The District will not, to the extent permitted by law, acquire, construct, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, corporation, City or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the District any wastewater system competitive with the Wastewater System.

Tax Covenants. Notwithstanding any other provision of the Installment Purchase Agreement, absent an opinion of Bond Counsel that the exclusion from gross income of the interest on the 2026A Bonds will not be adversely affected for federal income tax purposes, the District has covenanted to comply with all applicable requirements of the Code which are necessary to preserve such exclusion from gross income with respect to the 2026A Bonds and has specifically covenanted, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The District will take no action or refrain from taking any action, and the District will make no use of the proceeds of the 2026A Bonds or of any other moneys or property, which would cause the 2026A Bonds to be "private activity bonds" within the meaning of Section 141 of the Code;

(b) Arbitrage. The District will make no use of the proceeds of the 2026A Bonds or of any other amounts or property, regardless of the source, and the District will not take any action or refrain from taking any action, which will cause the 2026A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code;

(c) Federal Guarantee. The District will make no use of the proceeds of the 2026A Bonds, and the District will not take or omit to take any action, that would cause the 2026A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code;

(d) Information Reporting. The District will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code which is necessary to preserve the exclusion of interest on the 2026A Bonds pursuant to Section 103(a) of the Code;

(e) Hedge Bonds. The District will make no use of the proceeds of the 2026A Bonds or any other amounts or property, regardless of the source, and the District will not take any action or refrain from taking any action, that would cause the 2026A Bonds to be considered "hedge bonds" within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the 2026A Bonds for federal income tax purposes; and

(f) Miscellaneous. The District will not take any action or refrain from taking any action which is inconsistent with its expectations stated in the Tax Certificate executed by the District in connection with the issuance of the 2026A Bonds and will comply with the covenants and requirements that are stated therein and incorporated by reference in the Installment Purchase Agreement.

The foregoing covenants are not applicable to, and nothing contained in the Installment Purchase Agreement will be deemed to prevent the District from causing the Authority to issue revenue bonds or issuing bonds or executing and delivering contracts that are payable on a parity with the 2026A Bonds, the interest with respect to which has been determined to be subject to federal income taxation.

Prompt Acquisition and Construction. The District will take all necessary and appropriate steps to acquire the 2026 Project, as agent of the Authority, with all practicable dispatch and in an expeditious manner and in conformity with law so as to complete the same as soon as possible.

Maintenance and Operation of the Wastewater System. The District will maintain and preserve the Wastewater System in good repair and working order at all times, operate the Wastewater System in an efficient and economical manner and pay all Operation and Maintenance Costs as they become due and payable.

Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Revenues or the funds or accounts created under the Installment Purchase Agreement or under the Indenture or on any funds in the hands of the District pledged to pay the Series 2026 Installment Payments or the Bonds, or which might impair the security of the Series 2026 Installment Payments.

Compliance with Contracts. The District will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, which are required to be performed by it contained in all contracts for the use of the Wastewater System and all other contracts affecting or involving the Wastewater System, to the extent that the District is a party thereto.

Insurance.

(a) The District will procure and maintain or cause to be procured and maintained insurance on the Wastewater System, excluding coverage for earthquake damage or destruction, with responsible insurers in such amounts and against such risks (including accident to or destruction of the Wastewater System) as are usually covered in connection with facilities that are similar to the Wastewater System so long as such insurance is available at reasonable rates.

In the event of any damage to or destruction of the Wastewater System caused by the perils covered by such insurance, the Net Proceeds thereof will be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the Wastewater System. The District will begin such reconstruction, repair or replacement promptly after such damage or destruction occurs, and will continue and properly complete such reconstruction, repair or replacement as expeditiously as possible, and will pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same is completed and the Wastewater System is free and clear of all claims and liens.

(b) The District will procure and maintain such other insurance which it deems advisable or necessary to protect its interests and the interests of the Authority, which insurance affords protection in such amounts and against such risks as are usually covered in connection with municipal wastewater systems similar to the Wastewater System.

(c) Any insurance that is required to be maintained by paragraph (a) above and, if the District determines to procure and maintain insurance pursuant to paragraph (b) above, such insurance, may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with wastewater systems similar to the Wastewater System and is, in the opinion of an accredited actuary, actuarially sound.

All policies of insurance which are required to be maintained in the Installment Purchase Agreement must provide that the Authority or its assignee be given 30 days' written notice of any intended cancellation thereof or reduction of coverage provided thereby.

Accounting Records; Financial Statements and Other Reports. (a) The District will keep appropriate accounting records in which complete and correct entries are made of all transactions relating to the Wastewater System, which records are available for inspection by the Authority and the Trustee at reasonable hours and under reasonable conditions. (b) The District will prepare and file with the Authority or its assignee, annually within 270 days after the close of each Fiscal Year (commencing with the Fiscal Year ended June 30, 2026) financial statements of the District for the preceding Fiscal Year prepared in accordance with generally accepted accounting principles, together with an Accountant's Report thereon. The Trustee has no obligation to review any such financial statements.

Protection of Security and Rights of the Authority. The District will preserve and protect the security of the Installment Purchase Agreement and the rights of the Authority to the Series 2026 Installment Payments thereunder and will warrant and defend such rights against all claims and demands of all persons.

Payment of Taxes and Compliance with Governmental Regulations. The District will pay and discharge all taxes, assessments and other governmental charges which may later be lawfully imposed upon the Wastewater System, or any part thereof or upon the Revenues when the same become due. The District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Wastewater System, or any part thereof, but the District is not required to comply with any regulations or requirements so long as the validity or application thereof is contested in good faith.

Amount of Rates and Charges.

(a) ***Covenant Regarding Net Revenues***. To the fullest extent permitted by law, the District will fix and prescribe, at the commencement of each such Fiscal Year, rates and charges for the Wastewater Service which are reasonably expected, at the commencement of such Fiscal Year, to be at least sufficient to yield during such Fiscal Year Net Revenues equal to 125% of Debt Service for such Fiscal Year plus any amounts needed to replenish any reserve accounts held in connection with Bonds or Contracts.

(b) To the fullest extent permitted by law, the District will fix and prescribe, at the commencement of each such Fiscal Year, rates and charges for the Wastewater Service which are reasonably expected, at the commencement of such Fiscal Year, to be at least sufficient to yield during such Fiscal Year, Revenues sufficient to pay the following amounts in the following order of priority:

(i) All Operating and Maintenance Costs estimated by the District to become due and payable in such Fiscal Year;

(ii) All Debt Service due in such Fiscal Year;

(iii) All amounts needed to replenish any reserve accounts held in connection with Bonds or Contracts; and

(iv) All payments required to meet any other obligations of the District which are charges, liens, encumbrances upon, or which are otherwise payable from, the Revenues or the Net Revenues during such Fiscal Year, except to the extent other sources of funds are reserved or encumbered therefore.

(c) The District may make, or permit to be made, adjustments from time to time in such rates, fees and charges and may make, or permit to be made, such classification thereof as it deems necessary, but may not reduce or permit to be reduced such rates, fees and charges below those then in effect, unless the Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the foregoing requirements.

(d) So long as the District has complied with its obligations set forth in subsections (a) or (b) above, as applicable, the failure of Revenues or Net Revenues to meet the thresholds set forth in subsections (a) or (b) above, as applicable, shall not constitute a default or an Event of Default under the Installment Purchase Agreement or under the Indenture.

Collection of Rates and Charges. The District will have in effect at all times by-laws, rules and regulations requiring each customer to pay the rates and charges applicable to the Wastewater Service to such customer's land and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the District may discontinue such service from the Wastewater System, and such service will not thereafter be recommenced except in accordance with District by-laws or rules, regulations and the laws of the State of California governing such situations of delinquency.

Eminent Domain Proceeds. Any Net Proceeds received as awards as a result of the taking of all or any part of the Wastewater System by the lawful exercise of eminent domain, if and to the extent that such right can be exercised against such property of the District, must be used for the acquisition or construction of improvements to the Wastewater System.

Further Assurances. The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Installment Purchase Agreement and for the better assuring and confirming unto the Authority of the rights and benefits provided to it therein.

Enforcement of Contracts. So long as any of the 2026A Bonds are outstanding, the District will not voluntarily consent to or permit any rescission of, nor will it consent to any amendment to or otherwise take any action under or in connection with any contracts previously or later entered into if such rescission or amendment would in any manner impair or adversely affect the ability of the District to pay principal of and interest on the 2026A Bonds.

EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY

Events of Default and Acceleration of Maturities. If one or more of the following Events of Default happen:

(a) if default is made by the District in the due and punctual payment of any Series 2026 Installment Payment or any Contract or Bond when and as the same becomes due and payable;

(b) if default is made by the District in the performance of any of the agreements or covenants which are required in the Installment Purchase Agreement to be performed by it, and such default continues for a period of 60 days after the District has been given notice in writing of such default by the Authority; or

(c) if the District files a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction approves a petition filed with or without the consent of the District seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction assumes custody or control of the District or of the whole or any substantial part of its property; or

(d) if payment of the principal of any Contract or Bond is accelerated in accordance with its terms;

then and in each and every such case during the continuance of an Event of Default, the Authority will, by notice in writing to the District, declare the entire principal amount of the unpaid Series 2026 Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same will become immediately due and payable, anything contained in the Installment Purchase Agreement to the contrary notwithstanding. The foregoing, however, is subject to the condition that if at any time after the entire principal amount of the unpaid Series 2026 Installment Payments and the accrued interest thereon have been so declared due and payable, but before any judgment or decree for the payment of the moneys due has been obtained or entered, the District deposits with the Authority an amount that is sufficient to pay the unpaid principal amount of the Series 2026 Installment Payments or the unpaid payment of any other Contract or Bond referred to in clause (1) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the Series 2026 Installment Payments or such Contract or Bond if paid in accordance with their terms, and the reasonable expenses of the Authority, and any and all other defaults known to the Authority (other than in the payment of the entire principal amount of the unpaid Series 2026 Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) have been made good or cured to the satisfaction of the Authority or provision deemed by the Authority to be adequate has been made therefor, then and in every such case the Authority, by written notice to the District, may rescind and annul such declaration and its consequences; but no such rescission and annulment will extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

Application of Funds Upon Acceleration. Upon the date of the declaration of acceleration as provided in the Installment Purchase Agreement, all Revenues thereafter received by the District will be applied in the following order:

First, to the payment, without preference or priority, and in the event of any insufficiency of such Revenues ratably without any discrimination or preference, of the fees, costs and expenses of the Trustee and its assigns and thereafter to the Authority, as the case may be, in carrying out the foregoing provisions, including reasonable compensation to their respective accountants and counsel;

Second, to the payment of the Operation and Maintenance Costs; and

Third, to the payment of the entire principal amount of the unpaid Series 2026 Installment Payments and the unpaid principal amount of all Bonds and Contracts and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the Series 2026 Installment Payments and such Bonds and Contracts if paid in accordance with their respective terms.

Other Remedies of the Authority. The Authority has the right: (a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the District or any director, officer or employee thereof, and to compel the District or any such director, officer or employee to perform and carry out its or his or her duties under the laws of the State of California and the agreements and covenants required to be performed by it or him or her contained in the Installment Purchase Agreement; (b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Authority; or (c) by suit in equity upon the happening of an Event of Default to require the District and its directors, officers and employees to account as the trustee of an express trust.

Notwithstanding anything contained in the Installment Purchase Agreement, the Authority has no security interest in or mortgage on the 2026 Project, the Wastewater System or other assets of the District and no default under the Installment Purchase Agreement will result in the loss of the 2026 Project, the Wastewater System, or other assets of the District.

Non-Waiver. Nothing in the Installment Purchase Agreement will affect or impair the obligation of the District, which is absolute and unconditional, to pay the Series 2026 Installment Payments to the Authority at the respective due dates or upon prepayment from the Net Revenues, the Revenue Fund and the other funds in the Installment Purchase Agreement pledged for such payment, or will affect or impair the right of the Authority, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied in the Installment Purchase Agreement.

A waiver of any default or breach of duty or contract by the Authority will not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Authority to exercise any right or remedy accruing upon any default or breach of duty or contract will impair any such right or remedy or be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy that is conferred upon the Authority by the laws of the State of California or by the Installment Purchase Agreement may be enforced and exercised from time to time and as often as deemed expedient by the Authority.

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

Remedies Not Exclusive. No remedy that is conferred upon or reserved to the Authority in the Installment Purchase Agreement is intended to be exclusive of any other remedy, and each such remedy will be cumulative and in addition to every other remedy given under the Installment Purchase Agreement or now or later existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the laws of the State of California or any other law.

DISCHARGE OF OBLIGATIONS

Discharge of Obligations. When:

(a) all or any portion of the Series 2026 Installment Payments have become due and payable in accordance with the Installment Purchase Agreement or a written notice of the District to prepay all or any portion of the Series 2026 Installment Payments has been filed with the Trustee; and

(b) there has been deposited with the Trustee at or prior to the Series 2026 Installment Payment Date or dates specified for prepayment, in trust for the benefit of the Authority or its assigns and irrevocably appropriated and set aside to the payment of all or any portion of the Series 2026 Installment Payments, sufficient moneys or sufficient moneys and non-callable Permitted Investments that are described in clause (A) of the definition thereof, the principal of and interest on which Permitted Investments when due will provide money that is sufficient in the opinion of an Independent Certified Public Accountant to pay all principal, prepayment premium, if any, and interest of such Series 2026 Installment Payments to their respective Series 2026 Installment Payment Dates, as the case may be; and

(c) provision has been made for paying all fees and expenses of the Trustee, then and in that event, the right, title and interest of the Authority in the Installment Purchase Agreement and the obligations of the District under the Installment Purchase Agreement will, with respect to all or such portion of the Series 2026 Installment Payments as have been so provided for, thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Trustee and the obligation of the District to have such moneys and such Permitted Investments applied to the payment of such Series 2026 Installment Payments).

In such event, upon request of the District the Trustee will cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and will execute and deliver to the District all such instruments as may be necessary or desirable to evidence such total or partial discharge and satisfaction, as the case may be, and, in the event of a total discharge and satisfaction, the Trustee will pay over to the District, after payment of all amounts due the Trustee pursuant to the Indenture, as an overpayment of Series 2026 Installment Payments, all such moneys or such Permitted Investments held by it pursuant to the Installment Purchase Agreement, other than such moneys and such Permitted Investments, as are required for the payment or prepayment of the Series 2026 Installment Payments, which moneys and Permitted Investments will continue to be held by the Trustee in trust for the payment of the Series 2026 Installment Payments and will be applied by the Trustee to the payment of the Series 2026 Installment Payments of the District.

MISCELLANEOUS

Liability Limited. Notwithstanding anything contained in the Installment Purchase Agreement, the District will not be required to advance any moneys derived from any source of income other than the Revenues, the Revenue Fund and the other funds provided in the Installment Purchase Agreement for the payment of amounts due under the Installment Purchase Agreement or for the performance of any agreements or covenants that are required to be performed by it contained in the Installment Purchase Agreement. The District may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

The obligation of the District to make the Series 2026 Installment Payments is a special obligation of the District payable from the Net Revenues and does not constitute a debt of the District or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Benefits of Installment Purchase Agreement Limited to Parties. Nothing contained in the Installment Purchase Agreement, expressed or implied, is intended to give to any person other than the District, the Insurer or the Authority any right, remedy or claim under or pursuant to the Installment Purchase Agreement, and any agreement or covenant that is required in the Installment Purchase Agreement to be performed by or on behalf of the District or the Authority will be for the sole and exclusive benefit of the other party.

Successor Is Deemed Included in all References to Predecessor. Whenever either the District or the Authority is named or referred to in the Installment Purchase Agreement, such reference will be deemed to include the successor to the powers, duties and functions that are presently vested in the District or the Authority, and all agreements and covenants which are required by the Installment Purchase Agreement to be performed by or on behalf of the District or the Authority will bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Waiver of Personal Liability. No member, officer or employee of the District will be individually or personally liable for the payment of the Series 2026 Installment Payments, but nothing contained in the Installment Purchase Agreement will relieve any member, officer or employee of the District from the performance of any official duty provided by any applicable provisions of law or by the Installment Purchase Agreement.

Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required by the Installment Purchase Agreement to be performed by or on the part of the District or the Authority is contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof will be null and void and will be deemed separable from the remaining agreements and covenants or portions thereof and will in no way affect the validity of the Installment Purchase Agreement. The District and the Authority have declared that they would have executed the Installment Purchase Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase thereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases thereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Assignment. The Installment Purchase Agreement and any rights thereunder may be assigned by the Authority, as a whole or in part, without the necessity of obtaining the prior consent of the District. In addition to the rights and remedies assigned by the Authority to the Trustee, to the extent that the Indenture and the Installment Purchase Agreement confer upon or give or grant to the Trustee any right, remedy or claim under or by reason of the Indenture or the Installment Purchase Agreement, the Trustee has been explicitly recognized as being a third party beneficiary under the Installment Purchase Agreement and may enforce any such right, remedy or claim conferred given or granted.

Net Contract. The Installment Purchase Agreement will be deemed and construed to be a net contract, and the District will pay absolutely net during the term hereof the Series 2026 Installment Payments and all other payments required thereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

California Law. THE INSTALLMENT PURCHASE AGREEMENT WILL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Effective Date. The Installment Purchase Agreement will become effective upon its execution and delivery, and will terminate when the Purchase Price has been fully paid (or provision for the payment thereof has been made to the written satisfaction of the Authority).

Indemnification of Authority. The District has agreed to indemnify and hold harmless the Authority and its assigns and its officers and directors if and to the extent permitted by law, from and against all claims, advances, damages and losses, including legal fees and expenses, arising out of or in connection with the acceptance or the performance of its duties under the Installment Purchase Agreement and under the Indenture; provided that no indemnification will be made for willful misconduct, negligence or breach of an obligation under the Installment Purchase Agreement or under the Indenture by the Authority.

Amendments Permitted.

(a) The Installment Purchase Agreement and the rights and obligations of the Authority and the District and of the Owners of the 2026A Bonds and of the Trustee may be modified or amended at any time by an amendment thereto which will become binding upon the written consents of the Owners of a majority in aggregate principal amount of the 2026A Bonds then Outstanding, exclusive of 2026A Bonds disqualified as provided in the Indenture. No such modification or amendment may: (1) extend the fixed maturity of any 2026A Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the rate of interest or 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 2026A Bond so affected; or (2) reduce the aforesaid percentage of 2026A Bonds the consent of the Owners of which is required to affect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Installment Purchase Agreement prior to or on a parity with the lien created by the Installment Purchase Agreement except as permitted in the Installment Purchase Agreement, or deprive the Owners of the 2026A Bonds of the lien created by the Indenture on such Revenues and other assets except as permitted in the Installment Purchase Agreement, without the consent of the Owners of all of the 2026A Bonds then Outstanding.

(b) The Installment Purchase Agreement and the rights and obligations of the Authority and the District and of the Owners of the 2026A Bonds may also be modified or amended at any time by an amendment to the Installment Purchase Agreement which will become binding upon adoption, without the consent of the Owners of any 2026A Bonds, but only to the extent permitted by law and only for any one or more of the following purposes: (1) to add to the covenants and agreements of the District contained in the Installment Purchase Agreement other covenants and agreements thereafter to be observed, to pledge or assign additional security for the 2026A Bonds (or any portion thereof), or to surrender any right or power reserved to or conferred upon the District in the Installment Purchase Agreement; (2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Installment Purchase Agreement, or in regard to matters or questions arising under the Installment Purchase Agreement, as the District may deem necessary or desirable; and (3) to modify, amend or supplement the Installment Purchase Agreement in such manner as to cause interest on the 2026A Bonds to remain excludable from gross income under the Code. No amendment without consent of the Owners may modify any of the rights or obligations of the Trustee without the written consent thereto.

INDENTURE

DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

Definitions. Unless the context otherwise requires, the terms defined in the Indenture, for all purposes of the Indenture and of any indenture supplemental thereto and of any certificate, opinion or other document therein mentioned, have the meanings therein specified, to be equally applicable to both the singular and plural forms of any of the terms therein defined. Unless the context otherwise requires, all capitalized terms used in the Indenture and not defined have the meanings ascribed thereto in the Installment Purchase Agreement.

Acquisition Fund. The term "Acquisition Fund" means the fund by that name established pursuant the Indenture.

Authority. The term "Authority" means the Marin Public Financing Authority, a public body that is duly organized and existing under the JPA Agreement, and under the Constitution and laws of the State of California.

Authority Revenues. The term "Authority Revenues" means: (a) all Series 2026 Installment Payments received by the Authority or the Trustee pursuant to or with respect to the Installment Purchase Agreement; and (b) all interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture.

Authorized Representative. The term "Authorized Representative" means with respect to the Authority, its Chair, Vice Chair, Secretary, Treasurer or Executive Director or any other person designated as an Authorized Representative of the Authority by a Certificate of the Authority signed by its Chair, Vice Chair, Secretary, Treasurer or Executive Director and filed with the Trustee.

Bond Counsel. The term "Bond Counsel" means Stradling, Yocca, Carlson & Rauth LLP, or another firm of nationally recognized attorneys experienced in the issuance of obligations the interest on which is excludable from gross income under Section 103 of the Code.

Bond Year. The term "Bond Year" means the period beginning on the date of issuance of the Bonds and ending on June 1, 2026, and each successive one year or, during the last period prior to maturity, shorter period thereafter until there are no Outstanding Bonds.

Bonds. The term "Bonds" means the Wastewater Revenue Refunding Bonds, Series 2026A issued by the Authority and at any time Outstanding pursuant to the Indenture.

Business Day. The term "Business Day" means: (i) a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the State, or in any other state in which the Office of the Trustee is located, are closed; or (ii) a day on which the New York Stock Exchange is not closed.

Certificate; Direction; Request; Requisition. The terms "Certificate," "Direction," "Request," and "Requisition" of the Authority mean a written certificate, direction, request or requisition signed in the name of the Authority by its Authorized Representative. 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 will be read and construed as a single instrument. If and to the extent required by the Indenture, each such instrument will include the statements that are provided for therein.

Closing Date. The term "Closing Date" means the date on which the Bonds are delivered to the original purchaser thereof.

Code. The term "Code" means the Internal Revenue Code of 1986, as amended.

Costs of Issuance. The term "Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Authority and related to the authorization, issuance, sale and delivery of the Bonds, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee and counsel to the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, title insurance premiums and letter of credit fees, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds.

Costs of Issuance Fund. The term "Costs of Issuance Fund" means the fund by that name established pursuant to the Indenture.

Depository; DTC. The terms "Depository" and "DTC" mean The Depository Trust Company, New York, New York, a limited purpose trust company that is organized under the laws of the State of New York, in its capacity as securities depository for the Bonds.

District. The term "District" means the Las Gallinas Valley Sanitary District, a special district that is duly organized and existing under and by virtue of the general laws of the State.

Event of Default. The term "Event of Default" means any of the events that are specified in the Indenture.

Federal Securities. The term "Federal Securities" means any direct, noncallable 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), or noncallable obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by the United States of America.

Fitch. The term "Fitch" means Fitch Ratings, Inc., or any successor thereto.

Government Code. The term "Government Code" means the Government Code of the State.

Indenture. The term "Indenture" means the Indenture of Trust, dated as of February 1, 2026, by and between the Authority and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

Information Services. The term "Information Services" means the Municipal Securities Rulemaking Board; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the Authority may specify in a certificate to the Authority and the Trustee as the Trustee may select.

Insolvency Proceeding. The term "Insolvency Proceeding" means any proceeding by or against the District or the Authority commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law.

Installment Purchase Agreement. The term "Installment Purchase Agreement" means the Installment Purchase Agreement, dated as of the date of the Indenture, by and between the Authority and the District, as amended from time to time.

Interest Account. The term "Interest Account" means the account by that name in the 2026A Bond Payment Fund established pursuant to the Indenture.

Interest Payment Date. The term "Interest Payment Date" means April 1 and October 1 of each year commencing October 1, 2026.

Investment Agreement. The term "Investment Agreement" means an investment agreement by a provider, supported by appropriate opinions of counsel, provided that any such Investment Agreement must: (i) be from a provider rated by S&P or Moody's at "A-" or "A3", respectively, or above; (ii) require the Authority or the District to terminate such agreement and immediately reinvest the proceeds thereof in other

Permitted Investments if the rating assigned to the provider by S&P or Moody's falls to "BBB" or "Baa2", respectively, or below; and (iii) expressly permit the withdrawal, without penalty, of any amounts necessary at any time to fund any deficiencies on account of debt service requirements with respect to the Bonds, together with such amendments as may be approved by the Authority and the Trustee from time to time.

JPA Agreement. The term "JPA Agreement" means that certain Joint Exercise of Powers Agreement, dated January 24, 2017, by and between the District and the Sausalito-Marin City Sanitary District, which is duly organized and existing under the laws of the State, as amended from time to time.

Letter of Representations. The term "Letter of Representations" means the letter of the Authority delivered to and accepted by the Depository on or prior to delivery of the Bonds as book entry bonds setting forth the basis on which the Depository serves as depository for such book entry bonds, as originally executed or as it may be supplemented or revised or replaced by a letter from the Authority delivered to and accepted by the Depository.

Moody's. The term "Moody's" means Moody's Investors Service, Inc. or any successor thereto.

Nominee. The term "Nominee" means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to the Indenture.

Office. The term "Office" means with respect to the Trustee, the principal corporate trust office of the Trustee.

Opinion of Counsel. The term "Opinion of Counsel" means a written opinion of counsel (including but not limited to counsel to the Authority) selected by the Authority. If and to the extent required by the provisions of the Indenture, each Opinion of Counsel will include the statements provided for therein.

Outstanding. The term "Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except: (i) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (ii) Bonds with respect to which all liability of the Authority has been discharged in accordance therewith, including Bonds (or portions thereof) described therein; and (iii) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds have been authenticated and delivered by the Trustee pursuant to the Indenture.

Owner; Bond Owner. The terms "Owner" or "Bond Owner," whenever used in the Indenture with respect to a Bond, mean the person in whose name the ownership of such Bond is registered on the Registration Books.

Participants. The term "Participants" means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds book-entry certificates as securities depository.

Permitted Investments. The term "Permitted Investments" means any of the following which at the time are legal investments under the laws of the State for moneys held under the Indenture and then proposed to be invested therein:

(A) for all purposes, including defeasance investments in refunding escrow accounts: (1) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in clause (2) below); (2) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America; (3) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series); (4) Resolution Funding Corp. strips (only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable); (5) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or "AAA" rated pre-refunded municipals to satisfy the foregoing condition; and (6) Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.: a. U.S. Export-Import Bank (Eximbank): Direct obligations or fully guaranteed certificates of beneficial ownership; b. Farmers Home Administration Certificates of beneficial ownership; c. Federal Financing Bank; d. General Services Administration: Participation Certificates; e. U.S. Maritime Administration: Guaranteed Title XI financing; and f. U.S. Department of Housing and Urban Development: Project Notes, Local Authority Bonds, New Communities Debentures - U.S. government guaranteed debentures, U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds; and

(B) for all purposes other than defeasance investments in refunding escrow accounts: (1) direct 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, and CATS and TIGRS) or obligations of the principal of and interest on which are unconditionally guaranteed by the United States of America; (2) obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America: the Export-Import Bank; Farmers Home Administration; General Services Administration; United States Maritime Administration; Government National Mortgage Association; United States Department of Housing & Urban Development; Federal Financing Bank; and Federal Housing Administration Debentures; (3) obligations of any of the following federal agencies which obligations do not represent the full faith and credit of the United States of America, including the Federal Home Loan Bank System; Federal Home Loan Mortgage Corporation (FHLMC); Federal National Mortgage Association (FNMA); Student Loan Marketing Association; Resolution Funding Corp.; and Farm Credit System; (4) commercial paper which is rated at the time of purchase in the single highest classification, "A-1" by S&P and "P-1" by Moody's; (5) investments in a money market fund rated "AAAm", "AAAm-G" or "AA-m" or better by S&P, or "Aaa", "Aa1" or "Aa2" or better by Moody's, including any fund for which the Trustee or an affiliate acts as investment advisor or provides other services; (6) Certificates of deposit secured at all times by collateral described in clauses (A) and/or (B)(1) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks, including the Trustee and its affiliates. The collateral must be held by a third party and the Trustee must have a perfected first security interest in the collateral; (7) Certificates of deposit (including those of the Trustee, its parent and its affiliates), savings accounts, deposit accounts or money market deposits; (8) Investment Agreements, including GICs, Forward Purchase Agreements and Reserve Fund Put Agreements; (9) Federal Funds or bankers acceptances with a maximum term of one year of any bank, including the Trustee and its affiliates, which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P; (10) Repurchase agreements provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee or the District, as applicable, and the transfer of cash from the Trustee or the District, as applicable, to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee or the District, as applicable, in exchange for the securities at a specified date; 1. Repurchase agreements must be between the municipal entity and a dealer bank or securities firm. a. Primary dealers on the Federal Reserve reporting dealer list which are rated "A" or better by S&P and Moody's; or b. Banks rated "A" or above by S&P and Moody's. 2. The written contract must include the following: a. Securities which are acceptable for transfer are: (1) Direct U.S. Government securities, or (2) Federal agency securities that are backed by the full faith and credit of the U.S. government (and FNMA and FHLMC); b. The term of the repurchase agreement may be up to 30 days; c. The collateral must be delivered to the Trustee or the District, as applicable, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificates securities). d. The securities must be valued weekly, marked-to-market at current market price plus accrued interest. The value of collateral must be equal to 104% of the amount of cash transferred by the Trustee or the District, as applicable, to the dealer bank or security firm under the repo plus accrued interest. If the value of the securities held as collateral slips below the 104% of the value of the cash transferred by the Trustee or the District, as applicable, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%. 3. Legal opinion which must be delivered to the Trustee and the District: the repurchase agreement meets guidelines under state law for legal investment of public funds; (11) The Local Agency Investment Fund of the

State of California created pursuant to Section 16429.1 of the California Government Code; and (12) Unsecured certificates of deposit, time deposits, money market deposits, demand deposits and bankers' acceptances of any bank (including those of Trustee, its parent and its affiliates) the short term obligations of which are rated on the date of purchase "A-1" or better by S&P, "P-1" or better by Moody's or "F1" or better by Fitch.

Principal Account. The term "Principal Account" means the account by that name in the 2026A Bond Payment Fund established pursuant to the Indenture.

Rating. The term "Rating" means any currently effective rating on the Bonds issued by a Rating Agency.

Rating Agencies. The term "Rating Agencies" means S&P, Moody's and Fitch.

Rebate Fund. The term "Rebate Fund" means the fund by that name established pursuant to the Indenture.

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

Redemption Date. The term "Redemption Date" means the date fixed for an optional redemption prior to maturity of the Bonds.

Redemption Fund. The term "Redemption Fund" means the fund by that name established pursuant to the Indenture.

Redemption Price. The term "Redemption Price" means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion) plus the interest accrued to the applicable Redemption Date and the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and the Indenture.

Registration Books. The term "Registration Books" means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to the Indenture.

Responsible Officer of the Trustee. The term "Responsible Officer of the Trustee" means any officer within the corporate trust division (or any successor group or department of the Trustee) including any vice president, assistant vice president, assistant secretary or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time are such officers, respectively, with responsibility for the administration of the Indenture.

S&P. The term "S&P" means S&P Global Ratings, a Standard & Poor's Financial Services LLC business, or any successor thereto.

Securities Depositories. The term "Securities Depositories" means The Depository Trust Company; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other securities depositories as the Authority may designate in a Request of the Authority deliver to the Trustee.

State. The term "State" means the State of California.

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

Tax Certificate. The term "Tax Certificate" means the Tax Certificate dated the Closing Date, concerning certain matters pertaining to the use and investment of proceeds of the Bonds issued by the Authority on the date of issuance of the Bonds, including any and all exhibits attached thereto.

Trustee. The term "Trustee" means U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under the laws of the United States of America, or its successor, as successor Trustee under the Indenture as provided therein.

2026A Bond Payment Fund. The term "2026A Bond Payment Fund" means the fund by that name established pursuant to the Indenture.

Valuation Date. "Valuation Date" means the fifth Business Day preceding the date of redemption.

Value. The term "Value" which will be determined as of the end of each month, means that the value of any investments will be calculated as follows: (a) for the purpose of determining the amount of any fund, all Permitted Investments credited to such fund will be valued at fair market value. The Trustee will determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers include, but are not limited to, pricing services provided by Financial Times Interactive Data Corporation, Merrill Lynch and Morgan Stanley Smith Barney. (b) As to certificates of deposit and bankers' acceptances, the face amount thereof, plus accrued interest. (c) As to any investment not specified above, the value thereof established by prior agreement between the Authority and the Trustee.

Content of Certificates and Opinions. Every certificate or opinion that is provided for in the Indenture except the certificate of destruction that is provided for therein, with respect to compliance with any provision thereof must include: (1) a statement that the person making or giving such certificate or opinion has read such provision and the definitions in the Indenture relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such person he or she has made or caused to be made such examination or investigation as is necessary to enable such person to express an informed opinion with respect to the subject matter referred to in the instrument to which such person's signature is affixed; (4) a statement of the assumptions upon which such certificate or opinion is based, and that such assumptions are reasonable; and (5) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion that is made or given by an officer of the Authority may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel or an Independent Certified Public Accountant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel or an Independent Certified Public Accountant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority) upon a certificate or opinion of or representation by an officer of the Authority, unless such counsel or Independent Certified Public Accountant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Authority, or the same counsel or Independent Certified Public Accountant, as the case may be, need not certify to all of the matters that are required to be certified under any provision of the Indenture, but different officers, counsel or Independent Certified Public Accountants may certify to different matters, respectively.

THE BONDS

Terms of the Bonds. Interest on the Bonds will be payable on each Interest Payment Date to the person whose name appears on the 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 of the Trustee sent by first class mail on the applicable Interest Payment Date to the Owner at the address of such Owner as it appears on the Registration Books (except that in the case of an Owner of one million dollars or more in principal amount, such payment may, at such Owner's option, be made by wire transfer of immediately available funds to an account in the United States in accordance with written instructions provided to the Trustee by such Owner prior to the Record Date. Principal of and premium (if any) on any Bond will be paid by check of the Trustee upon presentation and surrender thereof at maturity or upon the prior redemption thereof, at the Office of the Trustee. Both the principal of and interest and premium (if any) on the Bonds will be payable in lawful money of the United States of America.

Each Bond will be dated the date of initial delivery, and will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless: (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date; or (b) unless it is authenticated on or before March 15, 2026, in which event it will bear interest from the date of initial delivery; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Interest on the Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

Registration Books. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which will upon reasonable notice and at reasonable times be open to inspection during regular business hours by the Authority, the District and the Owners; 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 such records, the ownership of the Bonds as provided in the Indenture.

The person in whose name any Bond is registered will be deemed the Owner thereof for all purposes of the Indenture, and payment of or on account of the interest on and principal and Redemption Price of such Bonds will be made only to or upon the order in writing of such registered Owner, which payments will be valid and effectual to satisfy and discharge liability upon such Bond to the extent of the sum or sums so paid.

Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond becomes mutilated, the Authority, at the expense of the Owner of said Bond, will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like tenor, series and authorized denomination in exchange and substitution for the Bonds so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee will be canceled by it and upon the written request of the Authority delivered 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 be satisfactory to the Trustee and indemnity satisfactory to the Trustee is given, the Authority, at the expense of the Owner, will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like tenor, series and authorized denomination in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond has matured or is about to mature, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof). The Authority may require payment by the Owner of a sum not exceeding the actual cost of preparing each new Bond issued under the Indenture and of the expenses which may be incurred by the Authority and the Trustee in the premises. Any Bond issued under the provisions of the Indenture 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 will be entitled to the benefits of the Indenture with all other Bonds secured by the Indenture. Notwithstanding any other provision of the Indenture, in lieu of delivering a new Bond for a Bond which has been mutilated, lost, destroyed or stolen and which has matured or has been selected for redemption, the Trustee may make payment of such Bond upon receipt of indemnity satisfactory to the Trustee.

Book Entry System.

(a) Election of Book Entry System. Prior to the issuance of the Bonds, the Authority may provide that such Bonds will be initially issued as book entry Bonds. If the Authority elects to deliver any

Bonds in book entry form, then the Authority will cause the delivery of a separate single fully registered bond (which may be typewritten) for each maturity date of such Bonds in an authorized denomination corresponding to that total principal amount of the Bonds designated to mature on such date. Upon initial issuance, the ownership of each such Bond will be registered in the Registration Books in the name of the Nominee, as nominee of the Depository, and ownership of the Bonds, or any portion thereof may not thereafter be transferred except as provided in the Indenture.

With respect to book entry Bonds, the Authority and the Trustee have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book entry Bonds. Without limiting the immediately preceding sentence, the Authority and the Trustee have no responsibility or obligation with respect to: (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book entry Bonds; (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Registration Books, of any notice with respect to book entry Bonds, including any notice of redemption; (iii) the selection by the Depository and its Participants of the beneficial interests in book entry Bonds to be redeemed in the event that the Authority redeems the Bonds in part; or (iv) the payment by the Depository or any Participant or any other person of any amount of principal of, premium, if any, or interest on book entry Bonds. The Authority and the Trustee may treat and consider the person in whose name each book entry Bond is registered in the Registration Books as the absolute Owner of such book entry Bond for the purpose of payment of principal of, premium 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 with respect to such Bond, and for all other purposes whatsoever. The Trustee will pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owner, as shown in the Registration Books, or his respective attorney duly authorized in writing, and all such payments will be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Registration Books, will receive a Bond evidencing the obligation to make payments of principal of, premium, if any, and interest on the Bonds. Upon delivery by the Depository to the Authority and the Trustee of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions in the Indenture with respect to Record Dates, the word Nominee in the Indenture will refer to such nominee of the Depository.

(b) Delivery of Letter of Representations. In order to qualify the book entry Bonds for the Depository's book entry system, the Authority will execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations will not in any way impose upon the Authority or the Trustee any obligation whatsoever with respect to persons having interests in such book entry Bonds other than the Owners, as shown on the Registration Books. In addition to the execution and delivery of a Letter of Representations, the Authority and the Trustee, if necessary, will take such other actions, not inconsistent with the Indenture, as are reasonably necessary to qualify book entry Bonds for the Depository's book entry program.

(c) Selection of Depository. In the event that: (i) the Depository determines not to continue to act as securities depository for book entry Bonds; or (ii) the Authority determines that continuation of the book entry system is not in the best interest of the beneficial owners of the Bonds or the Authority, then the Authority will discontinue the book entry system with the Depository. If the Authority determines to replace the Depository with another qualified securities depository, the Authority will prepare or direct the preparation of a new single, separate, fully registered Bond for each of the maturity dates of such book entry Bonds, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in the Indenture. If the Authority fails to identify another qualified securities depository to replace the Depository, then the Bonds will no longer be restricted to being registered in such Registration Books in the name of the Nominee, but will be registered in whatever name or names the Owners transferring or exchanging such Bonds designate, in accordance with the provisions of the Indenture.

(d) Payments To Depository. Notwithstanding any other provision of the Indenture to the contrary, so long as all Outstanding Bonds are held in book entry form and registered in the name of the

Nominee, all payments of principal of, redemption premium, if any, and interest on such Bonds and all notices with respect to such Bonds will be made and given, respectively to the Nominee, as provided in the Letter of Representations or as otherwise instructed by the Depository and agreed to by the Trustee notwithstanding any inconsistent provisions in the Indenture.

(e) Transfer of Bonds to Substitute Depository. (i) The Bonds will be initially issued as provided in the Indenture. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except: (A) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to clause (B) below ("Substitute Depository"); provided that any successor of DTC or Substitute Depository is qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any Substitute Depository, upon: (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository; or (2) a determination by the Authority that DTC (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository is qualified under any applicable laws to provide the services proposed to be provided by it; or (C) to any person as provided below, upon: (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository; or (2) a determination by the Authority that DTC or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(ii) In the case of any transfer pursuant to clauses (A) or (B) above, upon receipt of all Outstanding Bonds by the Trustee, together with a written request of the Authority to the Trustee designating the Substitute Depository, a single new Bond, which the Authority will prepare or cause to be prepared, will be issued for each maturity of Bonds then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the Authority. In the case of any transfer pursuant to clause (C) above, upon receipt of all Outstanding Bonds by the Trustee, together with a written request of the Authority to the Trustee, new Bonds, which the Authority will prepare or cause to be prepared, will be issued in such denominations and registered in the names of such persons as are requested in such written request of the Authority, subject to the limitations of the Indenture, provided that the Trustee is not required to deliver such new Bonds within a period of less than 60 days from the date of receipt of such written request from the Authority.

(iii) In the case of a partial redemption or an advance refunding of any Bonds evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) will make an appropriate notation on such Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee, all in accordance with the Letter of Representations. The Trustee is not liable for such Depository's failure to make such notations or errors in making such notations and the records of the Trustee as to the outstanding principal amount of such Bonds will be controlling.

(iv) The Authority and the Trustee are entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Authority; and the Authority and the Trustee have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Bonds. Neither the Authority nor the Trustee have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any Bonds, and the Trustee may rely conclusively on its records as to the identity of the Owners of the Bonds.

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

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." The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance upon submission of Requisitions of the Authority stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred, that such payment is a proper charge against said fund and that payment for such charge has not previously been made. On the six month anniversary of the Closing Date, or upon the earlier Request of the Authority, all amounts remaining in the Costs of Issuance Fund shall be deposited in the Interest Account and the Costs of Issuance Fund shall be closed.

Acquisition Fund. The Trustee will establish, maintain and hold in trust a separate fund designated as the "Acquisition Fund." The moneys in the Acquisition Fund will be held by the Trustee in trust and applied to the payment of the costs of acquisition and construction of the 2026 Project and of expenses incidental thereto.

Before any payment is made from the Acquisition Fund by the Trustee, the General Manager or Administrative Services Manager, acting as agent of the Authority, will cause to be filed with the Trustee a certificate of the District in the form set forth in Exhibit D to the Installment Purchase Agreement.

Upon receipt of each such certificate, on which the Trustee is entitled to rely conclusively, without investigation, the Trustee will pay the amount that is set forth in such certificate as directed by the terms thereof or disburse funds to the District for such payment as directed by the District in such certificate. The Trustee need not make any such payment if it has received notice of any lien, right to lien, attachment upon or claim affecting the right to receive payment of any of the moneys to be so paid, which has not been released or will not be released simultaneously with such payment.

When the 2026 Project has been constructed and acquired in accordance with the Installment Purchase Agreement, a statement of the District stating the fact and date of such acquisition, construction and acceptance and stating that all of such costs of acquisition and incidental expenses have been determined and paid (or that all of such costs and expenses have been paid less specified claims which are subject to dispute and for which a retention in the Acquisition Fund is to be maintained in the full amount of such claims until such dispute is resolved), will be delivered to the Trustee by the General Manager or Administrative Services Manager. Upon the receipt of such statement, the Trustee will deposit any remaining balance in the Acquisition Fund which is not needed for Acquisition Fund purposes (but less the amount of any such retention, which amount will be certified to the Trustee by the General Manager or Administrative Services Manager) to the Trustee in the 2026A Bond Payment Fund for payment of 2026A Bonds in accordance with the Indenture.

Validity of Bonds. The validity of the authorization and issuance of the Bonds is not dependent on and will not be affected in any way by any proceedings taken by the Authority, the District or the Trustee with respect to or in connection with the Installment Purchase Agreement. The recital contained in the Bonds that the same are issued pursuant to the Constitution and laws of the State is conclusive evidence of the validity and of compliance with the provisions of law in their issuance.

REVENUES, FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

Pledge and Assignment; 2026A Bond Payment Fund. All of the Authority Revenues and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account that is established pursuant to the Indenture (except the Rebate Fund) have been irrevocably pledged to secure the payment of the principal of and interest, and the premium, if any, on the Bonds in accordance with their terms and the provisions of the Indenture. Said pledge constitutes a lien on and security interest in such amounts and will attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act and will be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice of the Indenture.

The Authority, for good and valuable consideration in hand received, has irrevocably assigned and transferred to the Trustee without recourse, for the benefit of the Owners of the Bonds as set forth in the Indenture, all of its rights, title, and interest in all Series 2026 Installment Payments payable by the District pursuant to the Installment Purchase Agreement, including all rights of the Authority thereunder as may be necessary to enforce compliance with said provisions (including enforcement of payment obligations and rate covenants, if any, contained in the Installment Purchase Agreement, or otherwise to protect the interest of the Owners of the Bonds. Such assignment is subject to and limited by the terms of the Indenture.

There has been established with the Trustee the 2026A Bond Payment Fund, which the Trustee has covenanted to maintain and hold in trust separate and apart from other funds held by it so long as any Series 2026 Installment Payments remain unpaid. Except as directed in the Indenture, all Authority Revenues will be promptly deposited by the Trustee upon receipt thereof into the 2026A Bond Payment Fund; except that all moneys received by the Trustee and required under the Indenture to be deposited in the Redemption Fund will be promptly deposited therein. All Authority Revenues deposited with the Trustee will be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture. The Trustee will also create and maintain an Interest Account and a Principal Account within the 2026A Bond Payment Fund.

Allocation of Authority Revenues. The Trustee will transfer from the 2026A Bond Payment Fund and deposit into the following respective accounts, the following amounts in the following order of priority and at the following times, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Authority Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) Not later than the day preceding each date on which the interest on the Bonds becomes due and payable under the Indenture, the Trustee will deposit in the Interest Account that sum, if any, 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 date on all Bonds then Outstanding.

(b) Not later than the day preceding each date on which the principal of the Bonds becomes due and payable under the Indenture, the Trustee will deposit in the Principal Account that sum, if any, 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 such date or subject to mandatory sinking fund redemption on such date.

Application of Interest Account. All amounts in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds purchased or accelerated prior to maturity pursuant to the Indenture).

Application of Principal Account. All amounts in the Principal Account will be used and withdrawn by the Trustee solely to pay the principal amount of the Bonds at maturity, mandatory sinking fund redemption, purchase or acceleration; provided, however, that at any time prior to selection for redemption of any such Bonds, upon written direction of the Authority, the Trustee will apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as directed pursuant to a Request of the Authority, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Bonds.

Application of Redemption Fund. There has been established with the Trustee, when needed, a special fund designated as the "Redemption Fund." All amounts in the Redemption Fund will be used and withdrawn by the Trustee solely for the purpose of paying the principal of and accrued interest on the Bonds to be redeemed on any Redemption Date pursuant to the Indenture; provided, however, that at any time prior to selection for redemption of any such Bonds, upon written direction of the Authority, the Trustee will apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as directed pursuant to a Request of the Authority, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Bonds.

Investments. All moneys in any of the funds or accounts that are established with the Trustee pursuant to the Indenture will be invested by the Trustee solely in Permitted Investments, which will, as nearly as practicable, mature on or before the dates when such moneys are anticipated to be needed for disbursement. Such investments will be directed by the Authority pursuant to a Request of the Authority filed with the Trustee at least two Business Days in advance of the making of such investments (which directions will be promptly confirmed to the Trustee in writing). In the absence of any such directions from the Authority, the Trustee will invest any such moneys in Permitted Investments that are described in clause (B)(5) of the definition thereof; provided, however, that any such investment will be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee has received a written direction from the District specifying a specific money market fund and, if no such written direction from the District is so received, the Trustee will hold such moneys uninvested. Obligations purchased as an investment of moneys in any fund will be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture (except for interest or gain derived from the Permitted Investment described in clause (B)(8) of the definition thereof, which will be retained in such Permitted Investment) will be deposited in the Interest Account unless otherwise provided in the Indenture. For purposes of acquiring any investments under the Indenture, the Trustee may commingle funds (other than the Rebate Fund) held by it thereunder upon the Request of the Authority. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee will incur no liability for losses arising from any investments made pursuant to the Indenture.

The Trustee will furnish the Authority with periodic cash transaction statements which include detail for all investment transactions that are effected by the Trustee or brokers that are selected by the Authority. Upon the Authority's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The Authority has waived the right to receive brokerage confirmations of security transactions that are effected by the Trustee as they occur, to the extent permitted by law. The Authority further understands that trade confirmations for securities transactions that are effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee under the Indenture. The Authority will invest, or cause to be invested, all moneys in any fund or accounts established with the Trustee as provided in the Tax Certificate. For investment purposes, the Trustee may commingle the funds and accounts that are established under the Indenture, but will account for each separately. In making any valuations of investments under the Indenture, the Trustee may utilize and rely on computerized securities pricing services that may be available to the Trustee, including those that are available through the Trustee's accounting system.

Rebate Fund.

(a) Establishment. The Trustee will establish a separate fund designated the "Rebate Fund" when required in accordance with the Indenture. Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest with respect to the Bonds will not be adversely affected, the Authority will cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Indenture and the Tax Certificate. All money at any time deposited in the Rebate Fund will be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund for the Bonds will be governed by the Indenture and the Tax Certificate for the Bonds, unless and to the extent that the Authority delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest with respect to the Bonds will not be adversely affected, if such requirements are not satisfied. Notwithstanding anything to the contrary in the Indenture or in the Tax Certificate, the Trustee: (i) will be deemed conclusively to have complied with the provisions thereof if it follows all Requests of the Authority; (ii) has no liability or responsibility to enforce compliance by the Authority with the terms of the Tax Certificate; (iii) may rely conclusively on the Authority's calculations and determinations and certifications relating to rebate matters; and (iv) has no responsibility to independently make any calculations or determinations or to review the Authority's calculations or determinations thereunder.

(i) Annual Computation. Within 55 days of the end of each Bond Year (as such term is defined in the Tax Certificate), the Authority will calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and the construction expenditures exception of Section 148(f)(4)(C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the "1½% Penalty") has been made), for such purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the "Rebatable Arbitrage"). The Authority will obtain expert advice as to the amount of the Rebatable Arbitrage to comply with the foregoing provisions.

(ii) Annual Transfer. Within 55 days of the end of each Bond Year, upon the written Request of the Authority, an amount will be deposited to the Rebate Fund by the Trustee from any Authority Revenues legally available for such purpose (as specified by the Authority in the aforesaid written Request), if and to the extent required so that the balance in the Rebate Fund equals the amount of Rebatable Arbitrage so calculated in accordance with clause (i) above. In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon written Request of the Authority, the Trustee will withdraw the excess from the Rebate Fund and then credit the excess to the 2026A Bond Payment Fund.

(iii) Payment to the Treasury. The Trustee will pay, as directed by Request of the Authority, to the United States Treasury, out of amounts in the Rebate Fund: (A) Not later than 60 days after the end of: (X) the fifth Bond Year; and (Y) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; and (B) Not later than 60 days after the payment of all of the Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code and Section 1.148-3 of the Treasury Regulations.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Authority will calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to the Indenture will be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and will be accompanied by Internal Revenue Service Form 8038 T (prepared by the Authority), or will be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the Bonds and the payments described in the Indenture being made may be withdrawn by the Authority and utilized in any manner by the Authority.

(c) Survival of Defeasance. Notwithstanding anything in the Indenture to the contrary, the obligation to comply with the Rebate Fund requirements of the Indenture will survive the defeasance or payment in full of the Bonds.

Application of Funds and Accounts When No Bonds are Outstanding. On the date on which all Bonds are retired under the Indenture or provision made therefor pursuant thereto and after payment of all amounts due the Trustee thereunder, all moneys then on deposit in any of the funds or accounts (other than the Rebate Fund) established with the Trustee pursuant to the Indenture will be withdrawn by the Trustee and paid to the Authority for distribution in accordance with the Installment Purchase Agreement.

No Reserve Fund. No reserve fund will be established in connection with the Bonds.

PARTICULAR COVENANTS

Punctual Payment. The Authority will punctually pay or cause to be paid the principal and interest to become due in respect of all of the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Authority Revenues and other assets pledged for such payment as provided in the Indenture.

Extension of Payment of Bonds. The Authority will 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 are extended, such Bonds or claims for interest are not entitled, in case of any default thereunder, to the benefits of the Indenture, except subject to the prior payment in full for the principal of all of the Bonds then Outstanding and of all claims for interest thereon which have not been so extended. Nothing in the Indenture will be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance will not be deemed to constitute an extension of maturity of Bonds.

Against Encumbrances. The Authority will not create, or permit the creation of, any pledge, lien, charge or other encumbrances upon the Authority Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by the Indenture. Subject to the foregoing limitation, the Authority has expressly reserved the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the JPA Agreement, and reserved the right to issue other obligations for such purposes.

Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into the Indenture and to pledge and assign the Authority Revenues and other assets that are pledged and assigned under the Indenture in the manner and to the extent that is provided in the Indenture. The Bonds and the provisions of the 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 will at all times, subject to the provisions of the Indenture and to the extent permitted by law, defend, preserve and protect said pledge and assignment of Authority Revenues and other assets and all the rights of the Bond Owners under the Indenture against all claims and demands of all persons whomsoever.

Accounting Records and Financial Statements. The Trustee will 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 are made of all transactions that are undertaken by it relating to the proceeds of Bonds, the Authority Revenues and all funds and accounts that have been established by it pursuant to the Indenture. Such books of record and account will be available for inspection by the Authority and the District upon reasonable prior notice during business hours and under reasonable circumstances.

Tax Covenants. Notwithstanding any other provision of the Indenture or the Installment Purchase Agreement, absent an opinion of Bond Counsel that the exclusion from gross income of the interest on the Bonds will not be adversely affected for federal income tax purposes, the Authority has covenanted to comply with all applicable requirements of the Code that are necessary to preserve such exclusion from gross income with respect to the Bonds and has specifically covenanted, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The Authority will take no action or refrain from taking any action, and the Authority will make no use of the proceeds of the Bonds or of any other moneys or property, which would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code;

(b) Arbitrage. The Authority will make no use of the proceeds of the Bonds or of any other amounts or property, regardless of the source, and the Authority will not take any action or refrain from taking any action, which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code;

(c) Federal Guarantee. The Authority will make no use of the proceeds of the Bonds, and the Authority will not take or omit to take any action, that would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code;

(d) Information Reporting. The Authority will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code which is necessary to preserve the exclusion of interest on the Bonds pursuant to Section 103(a) of the Code;

(e) Hedge Bonds. The Authority will make no use of the proceeds of the Bonds or any other amounts or property, regardless of the source, and the Authority will not take any action or refrain from taking any action, that would cause the Bonds to be considered "hedge bonds" within the meaning of Section 149(g) of the Code unless the Authority takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes; and

(f) Miscellaneous. The Authority will not take any action or refrain from taking any action which is inconsistent with its expectations stated in the Tax Certificate executed by the Authority in connection with the issuance of the Bonds and will comply with the covenants and requirements that are stated therein and incorporated by reference in the Indenture.

The foregoing covenants are not applicable to, and nothing that is contained in the Indenture will be deemed to prevent the Authority from issuing revenue bonds or executing and delivering contracts that are payable on a parity with the Bonds, the interest with respect to which has been determined to be subject to federal income taxation.

Payments Under Installment Purchase Agreement. The Authority will promptly collect all Series 2026 Installment Payments due from the District pursuant to the Installment Purchase Agreement and, subject to the provisions of the Indenture, will enforce, and take all steps, actions and proceedings which the Authority or the Trustee determines to be reasonably necessary for the enforcement of all of the obligations of the District thereunder. The Authority will not enter into any amendments to the Installment Purchase Agreement except as permitted therein. The Trustee will give written consent only if: (a) such amendment, modification or termination will not materially adversely affect the interests of the Bond Owners; or (b) the Trustee first obtains the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding to such amendment, modification or termination.

Waiver of Laws. The Authority will 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 later in force that may affect the covenants and agreements contained in the Indenture or in the Bonds, and all benefit or advantage of any such law or laws has been expressly waived by the Authority to the extent permitted by law.

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 the Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in the Indenture.

Eminent Domain. If all or any part of the Wastewater System is taken by eminent domain proceedings (or sold to a government entity that is threatening to exercise the power of eminent domain), the Net Proceeds therefrom will be applied in the manner that is specified in the Installment Purchase Agreement.

Interest Rate Exchange. The Authority will not enter into any interest rate exchange agreement or any other interest rate maintenance agreement secured by and payable from the Trust Estate.

EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

Events of Default. The following events are Events of Default under the Indenture: (a) Default by the Authority in the due and punctual payment of the principal of any Bonds when and as the same become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise. (b) Default by the Authority in the due and punctual payment of any installment of interest on any Bonds when and as the same become due and payable. (c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such default continues for a period of 60 days after written notice thereof, specifying such default and requiring the same to be remedied has been given to the Authority by the Trustee or by the Owners of not less than a majority in aggregate principal amount of Bonds Outstanding; provided, however, that if in the reasonable opinion of the Authority the default stated in the notice can be corrected, but not within such 60 day period, and corrective action is instituted by the Authority within such 60 day period and diligently pursued in good faith until the default is corrected, such default will not be an Event of Default under the Indenture. (d) The Authority files a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or a court of competent jurisdiction approves a petition filed with or without the consent of the Authority seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction assumes custody or control of the Authority or of the whole or any substantial part of its property.

Remedies Upon Event of Default. If any Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, at the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, shall, in each case, upon notice in writing to the Authority and the District, 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 the Indenture or in the Bonds contained to the contrary notwithstanding.

Nothing contained in the Indenture will permit or require the Trustee or the Authority to accelerate payments due under the Installment Purchase Agreement if the District, which is a party to such Installment Purchase Agreement, is not in default of its obligation thereunder.

Any such declaration is subject to the condition that if, at any time after such declaration, but before any judgment or decree for the payment of the moneys due has been obtained or entered, the Authority or the District deposits with the Trustee an amount that is sufficient to pay all the principal of and installments of interest on the Bonds the payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds to the extent permitted by law, and the reasonable charges and expenses of the Trustee, and any and all other Events of Default known to the Trustee (other than in the payment of principal of and interest on the Bonds that is due and payable solely by reason of such declaration) have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has been made therefor, then, and in every such case the Trustee will on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such Event of Default; but no such rescission and annulment will extend to or affect any subsequent Event of Default, or impair or exhaust any right or power consequent thereon.

Application of Authority Revenues and Other Funds After Default. If an Event of Default occurs and is continuing, all Authority Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture (other than amounts held in the Rebate Fund) will be applied by the Trustee as follows and in the following order: (a) To the payment of any expenses that are necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and to the payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the 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 the Indenture, in the following order of priority: First: To the payment to the persons that are entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available is not 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 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 is not 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.

Trustee to Represent Bond Owners. The Trustee has been irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, will 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 or the Indenture and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, will proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it deems most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power therein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Bonds or the Indenture or any other law; and upon instituting such proceeding, the Trustee is entitled, as a matter of right, to the appointment of a receiver of the Authority Revenues and other assets pledged under the Indenture, pending such proceedings. All rights of action under the 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 will 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 the Indenture.

Bond Owners' Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding have the right, by an instrument or concurrent instruments in writing that are executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction to direct the method of conduct in all remedial proceedings taken by the Trustee under the Indenture, provided that such direction may not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee has the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bond Owners who are not parties to such direction.

Suit by Owners. No Owner of any Bonds have 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 the Indenture, the Installment Purchase Agreement, the JPA Agreement or any other applicable law with respect to such Bonds, unless: (a) such Owners have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding have made written request upon the Trustee to exercise the powers granted in the Indenture 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 which is 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 have been declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy under the Indenture or under law; it being understood and intended that no one or more Owners of Bonds have any right in any manner whatever by their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Bonds, the Indenture, the Installment Purchase Agreement, the JPA Agreement or other applicable law with respect to the Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right will be instituted, had and maintained in the manner therein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of the Indenture.

Absolute Obligation of the Authority. Nothing in the Indenture or in the Bonds affects or impairs the obligation of the Authority, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon call for redemption, as provided in the Indenture, but only out of the Authority Revenues and other assets therein pledged therefor, or affects or impairs the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Remedies Not Exclusive. No remedy 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, will be cumulative and in addition to any other remedy given under the Indenture or now or later existing at law or in equity or otherwise.

No Waiver of Default. No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any Event of Default will impair any such right or power or be construed to be a waiver of any such Event of Default or an acquiescence therein.

THE TRUSTEE

Duties, Immunities and Liabilities of Trustee. (a) The Trustee will, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in the Indenture, and no implied covenants or duties will be read into the Indenture against the Trustee. The Trustee will, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Authority may remove the Trustee at any time, unless an Event of Default has occurred and then is continuing, and will remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee ceases to be eligible in accordance with the Indenture, or becomes incapable of acting, 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, in each case by giving written notice of such removal to the Trustee. The Authority will promptly appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Authority and by giving the Bond Owners notice of such resignation by mail at the addresses shown on the Registration Books. Upon receiving such notice of resignation, the Authority will promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee will become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee has been appointed and have accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bond Owner (on behalf of himself and all other Bond Owners) 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 that is appointed under the Indenture will signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, will 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 in the Indenture; but, nevertheless at the Request of the Authority or the request of the successor Trustee, such predecessor Trustee will execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all of the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and will pay over, transfer, assign and deliver to the successor Trustee any money or other property that is subject to the trusts and conditions set forth in the Indenture. Upon request of the successor Trustee, the Authority will 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 the Indenture, the Authority will mail or cause the successor trustee to mail a notice of the succession of such Trustee to the trusts under the Indenture to each rating agency which is then rating the Bonds and to the Bond Owners at the addresses shown on the Registration Books. If the Authority fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee will cause such notice to be mailed at the expense of the Authority.

(e) Any Trustee that is appointed under the provisions of the Indenture in succession to the Trustee will be a trust company, banking association or bank having the powers of a trust company, having a combined capital and surplus of at least $75,000,000, and subject to supervision or examination for federal or state authority. If such bank, banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority that is referred to above, then for the purpose of the Indenture, the combined capital and surplus of such trust company, banking association or bank will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee ceases to be eligible in accordance with the provisions of the Indenture, the Trustee will resign immediately in the manner and with the effect specified therein.

<u>Merger or Consolidation</u>. Any trust company, banking association or bank into which the Trustee may be merged or converted or with which it may be consolidated or any trust company, banking association or bank resulting from any merger, conversion or consolidation to which it is a party or any trust company, banking association or bank to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such trust company, banking association or bank is eligible under the Indenture, will be the successor to such Trustee, without the execution or filing of any paper or any further act, anything in the Indenture to the contrary notwithstanding.

<u>Liability of Trustee</u>. (a) The recitals of facts in the Indenture and in the Bonds will be taken as statements of the Authority, and the Trustee will not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of the Indenture, the Bonds or the Installment Purchase Agreement, nor will the Trustee incur any responsibility in respect thereof, other than as expressly stated in the Indenture in connection with the respective duties or obligations therein or in the Bonds assigned to or imposed upon it. The Trustee will, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee is not liable in connection with the performance of its duties under the Indenture, except for its own negligence or willful misconduct. 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 represents the Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee is not liable for any error of judgment that is made in good faith by a Responsible Officer of the Trustee, unless it will be proved that the Trustee was 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 good faith in accordance with the direction of the Owners of not less than a majority (or such other percentage provided for in the Indenture) 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 the Indenture.

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

(e) The Trustee will not be deemed to have knowledge of any default or Event of Default under the Indenture or under the Installment Purchase Agreement or any other event which, with the passage of time, the giving of notice, or both, would constitute an Event of Default thereunder unless and until a Responsible Officer of the Trustee has actual knowledge of such event or the Trustee has been notified in writing, in accordance with the Indenture, of such event by the Authority or the Owners of not less than 25% of the Bonds then Outstanding. Except as otherwise expressly provided in the Indenture, the Trustee will not be bound to ascertain or inquire as to the performance or observance by the Authority or the District of any of the terms, conditions, covenants or agreements in the Indenture, or under the Installment Purchase Agreement, of any of the documents executed in connection with the Bonds or as to the existence of an Event of Default thereunder or an event which would, with the giving of notice, the passage of time, or both, constitute an Event of Default thereunder. The Trustee is not responsible for the validity, effectiveness or priority of any collateral that is given to or held by it.

(f) No provision of the Indenture requires the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties under the Indenture, or in the exercise of any of its rights or powers.

(g) The Trustee is under no obligation to exercise any of the rights or powers that are vested in it by the Indenture at the request or direction of Owners pursuant to the Indenture unless such Owners have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. No permissive power, right or remedy that is conferred upon the Trustee under the Indenture will be construed to impose a duty to exercise such power, right or remedy.

(h) Whether or not expressly so provided therein, every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions thereof.

(i) 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.

(j) The immunities that are extended to the Trustee also extend to its directors, officers, employees and agents.

(k) The Trustee may execute any of the trusts or powers of the Indenture and perform any of its duties through attorneys, agents and receivers and is not answerable for the conduct of the same if appointed by it with reasonable care.

(l) The Trustee will not be considered in breach of or in default in its obligations under the Indenture or progress in respect thereto in the event of enforced 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, explosions, mob violence, riots, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of 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 2026 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.

(m) The Trustee has agreed to accept and act upon instructions or directions pursuant to the Indenture sent by unsecured electronic mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, for purposes of the Indenture, an electronic mail message does not constitute a notice, request or other communication under the Indenture but rather the portable document format or similar attachment attached to such electronic mail message will constitute a notice, request or other communication thereunder; and provided further that the Trustee has received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate will be amended and replaced whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee electronic mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions will be deemed controlling. The Trustee is not liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding the fact that such instructions conflict or are inconsistent with a subsequent written instruction. The Authority has agreed to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

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

(o) The permissive right of the Trustee to do things enumerated in the Indenture will not be construed as a duty and it is not answerable for other than its negligence or willful misconduct.

Right to Rely on Documents. The Trustee will be protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion, notes, direction, facsimile transmission, electronic mail or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The 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 will be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith and in accordance therewith.

The Trustee may treat the Owners of the Bonds appearing in the Trustee's Registration Books as the absolute owners of the Bonds for all purposes and the Trustee will not be affected by any notice to the contrary. Whenever in the administration of the trusts imposed upon it by the Indenture the Trustee deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof is specifically prescribed in the Indenture) may be deemed to be conclusively proved and established by a Certificate, Request or Requisition of the Authority, and such Certificate, Request or Requisition will be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of the Indenture in reliance upon such Certificate, Request or Requisition, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

Preservation and Inspection of Documents. All documents that are received by the Trustee under the provisions of the Indenture will be retained in its possession and will be subject at all reasonable times to the inspection of the Authority, the District and any Bond Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Compensation and Indemnification. The Authority will pay to the Trustee from time to time all reasonable compensation for all services that are rendered under the Indenture, and also reasonable expenses, charges, legal and consulting fees and other disbursements and those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Indenture.

The Authority will indemnify, defend and hold harmless the Trustee, its officers, employees, directors and agents from and against any loss, costs, claims, liability or expense (including fees and expenses of its attorneys and advisors) incurred without negligence or bad faith on its part, arising out of or in connection with the execution of the Indenture, acceptance or administration of the trust thereof, including costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers thereunder. The foregoing rights of the Trustee and the obligations of the Authority under the Indenture will survive removal or resignation of the Trustee under the Indenture or the discharge of the Bonds and the Indenture.

MODIFICATION OR AMENDMENT OF THE INDENTURE

Amendments Permitted. (a) The 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 an indenture or indentures supplemental thereto, which the Authority and the Trustee may enter into when the written consent of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding, exclusive of Bonds that are disqualified as provided in the Indenture, has been filed with the Trustee. No such modification or amendment may: (1) 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 rate of interest or 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 (2) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to affect any such modification or amendment, or permit the creation of any lien on the Authority Revenues and other assets pledged under the Indenture prior to or on a parity with the lien that is created by the Indenture except as permitted in the Indenture, or deprive the Owners of the Bonds of the lien created by the Indenture on such Authority Revenues and other assets except as permitted in the 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 will be sufficient if such consent approves the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture pursuant to the Indenture, the Trustee will mail a notice, setting forth in general terms the substance of such Supplemental Indenture, to each Rating Agency and the Owners of the Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) The Indenture and the rights and obligations of the Authority, 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 receives an opinion of Bond Counsel to the effect that the provisions of such Supplemental Indenture do not materially adversely affect the interests of the Owners of the Outstanding Bonds, including, without limitation, for any one or more of the following purposes: (1) to add to the covenants and agreements of the Authority contained in the Indenture 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 reserved to or conferred upon the Authority in the Indenture; (2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the Authority may deem necessary or desirable; (3) to modify, amend or supplement the Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute thereunder in effect, and to add such other terms conditions and provisions as may be permitted by said act or similar federal statute; and (4) to modify, amend or supplement the Indenture in such manner as to cause interest on the Bonds to remain excludable from gross income under the Code.

(c) The Trustee may in its discretion, but is not obligated to, enter into any such Supplemental Indenture that is authorized by clauses (a) or (b) which materially adversely affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

(d) Prior to the Trustee entering into any Supplemental Indenture under the Indenture, there will be delivered to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of the Indenture and that the adoption of such Supplemental Indenture will not, in and of itself, adversely affect the exclusion of interest on the Bonds from federal income taxation and from state income taxation.

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

Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the execution of any Supplemental Indenture pursuant to the Indenture may, and if the Trustee so determines will, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee 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 or her Bonds for the purpose at the Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation will be made on such Bonds. If the Supplemental Indenture so provides, new Bonds so modified as to conform, in the opinion of the Authority and the Trustee, to any modification or amendment that is contained in such Supplemental Indenture, will be prepared and executed by the Authority and authenticated by the Trustee, and upon demand on the Owners of any Bonds then Outstanding will be exchanged at the 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.

Amendment of Particular Bonds. The provisions of the Indenture do not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by such Bond Owner.

DEFEASANCE

Discharge of Indenture. The Bonds may be paid by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable under the Indenture by the Authority: (a) by paying or causing to be paid the principal of and interest and redemption premiums (if any) on the Bonds, as and when the same become due and payable; (b) by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Indenture) to pay or redeem all Bonds then Outstanding; or (c) by delivering to the Trustee, for cancellation by it, all of the Bonds then Outstanding.

If the Authority also pays or causes to be paid all other sums that are payable under the Indenture by the Authority, then and in that case, at the election of the Authority (as evidenced by a Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and the Indenture), and notwithstanding that any Bonds have not been surrendered for payment, the Indenture and the pledge of Authority Revenues and other assets under the Indenture and all covenants, agreements and other obligations of the Authority under the Indenture will cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Request of the Authority, the Trustee will execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee will pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to the Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption to the Authority.

Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in the Indenture) to pay or redeem any Outstanding Bonds (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Outstanding Bonds are to be redeemed prior to maturity, notice of such redemption has been given as provided in the Indenture or provisions satisfactory to the Trustee have been made for the giving of such notice, then all liability of the Authority in respect of such Bonds will cease, terminate and be completely discharged, and the Owners thereof will thereafter be entitled only to payment out of such money or securities that are deposited with the Trustee as aforesaid for their payment, subject however, to the provisions of the Indenture. The Authority may at any time surrender to the Trustee for cancellation by it any Bonds that were previously issued and delivered, which the Authority may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, will be deemed to be paid and retired.

Deposit of Money or Securities with Trustee. Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to the Indenture and will be: (a) lawful money of the United States of America in an amount that is equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption has been given as provided in the Indenture or provisions satisfactory to the Trustee have been made for the giving of such notice, the amount to be deposited or held will be the principal amount of such Bonds and all unpaid interest and premium, if any, thereon to the redemption date; or (b) Federal Securities the principal of and interest on which when due will, in the written opinion of an Independent Certified Public Accountant filed with the Authority and the Trustee, provide money that is sufficient to pay the principal of and all unpaid interest to maturity, or to the redemption date (with premium, if any), as the case may be, on the Bonds to be paid or redeemed, as such principal, interest and premium, if any, become due, provided that in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption has been given as provided in the Indenture or provision satisfactory to the Trustee has been made for the giving of such notice; provided, in each case, that: (i) the Trustee has been irrevocably instructed (by the terms of the Indenture or by Request of the Authority) to apply such money to the payment of such principal, interest and premium, if any, with respect to such Bonds; and (ii) the Authority has delivered to the Trustee an opinion of Bond Counsel addressed to the Authority and the Trustee to the effect that such Bonds have been discharged in accordance with the Indenture (which opinion may rely upon and assume the accuracy of the Independent Certified Public Accountant's opinion referred to above).

Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of the Indenture, any moneys which are held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and which remain unclaimed for two 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 the Indenture), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, will be repaid to the Authority free from the trusts created by the Indenture upon receipt of an indemnification agreement that is acceptable to the Authority and the Trustee indemnifying the Trustee with respect to claims of Owners of Bonds which have not yet been paid, and all liability of the Trustee with respect to such moneys will thereupon cease; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Trustee will at the written direction of the Authority (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 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.

MISCELLANEOUS

Liability of Authority Limited to Authority Revenues. Notwithstanding anything in the Indenture or the Bonds, the Authority is not required to advance any moneys derived from any source other than the Authority Revenues and other moneys pledged under the Indenture for any of the purposes of the Indenture, whether for the payment of the principal of or interest on the Bonds or for any other purpose of the Indenture. Nevertheless, the Authority may, but is not required to, advance for any of the purposes of the Indenture any funds of the Authority which may be made available to it for such purposes. The Bonds are not a debt of the members of the Authority, the State or any of its political subdivisions (other than the Authority) and neither the members of the Authority, said State nor any of its political subdivisions (other than the Authority) is liable under the Indenture. The District has no liability or obligation under the Indenture except with respect to Series 2026 Installment Payments payable under the Installment Purchase Agreement.

Each of the Authority and the Trustee have covenanted and agreed to take such action (including, as applicable, filing of Uniform Commercial Code financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Authority Revenues under applicable law.

Successor Is Deemed Included in All References to Predecessor. Whenever in the Indenture either the Authority or the Trustee is named or referred to, such reference will be deemed to include the successors or assigns thereof, and all covenants and agreements in the Indenture contained by or on behalf of the Authority or the Trustee will bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

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

Waiver of Notice; Requirement of Mailed Notice. Whenever in the Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person who is entitled to receive such notice, and in any such case the giving or receipt of such notice will not be a condition precedent to the validity of any action taken in reliance upon such waiver. Whenever in the Indenture any notice is required to be given by mail, such requirement will be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

Destruction of Bonds. Whenever in the Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee will destroy such Bonds as may be allowed by law and deliver a certificate of such destruction to the Authority.

Severability of Invalid Provisions. If any one or more of the provisions contained in the Indenture or in the Bonds are for any reason be 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 the Indenture and such invalidity, illegality or unenforceability will not affect any other provision of the Indenture, and the Indenture will be construed as if such invalid or illegal or unenforceable provision had never been contained therein. The Authority has declared that it would have entered into the Indenture and each and every other Section, paragraph, sentence, clause or phrase thereof 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 the Indenture may be held illegal, invalid or unenforceable.

Evidence of Rights of Bond Owners. Any request, consent or other instrument that is required or permitted by the Indenture to be signed and executed by Bond Owners may be in any number of concurrent instruments of substantially similar tenor and will 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, will be sufficient for any purpose of the Indenture and will be conclusive in favor of the Trustee and the Authority if made in the manner provided in the Indenture. 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 will be proved by the Registration Books. Any request, consent, or other instrument or writing of the Owner of any Bond will 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.

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 the Indenture, Bonds which are known by the Trustee to be owned or held by or for the account of the Authority, or by any other obligor on the Bonds, or by any person that is directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or any other obligor on the Bonds, will 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 the Indenture if the pledgee establishes to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person that is directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel will be full protection to the Trustee. Upon request, the Authority will certify to the Trustee those Bonds that are disqualified pursuant to the Indenture and the Trustee may conclusively rely on such certificate.

Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of registered Bonds redeemed in part only) will, 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 the Indenture, but without any liability for interest thereon.

Funds and Accounts. Any fund or account that is required by the 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 will at all times be maintained in accordance with corporate trust industry standards to the extent practicable, and with due regard for the requirements of the Indenture and for the protection of the security of the Bonds and the rights of every Owner thereof.

Waiver of Personal Liability. No member, officer, agent, employee, consultant or attorney of the Authority or the District will be individually or personally liable for the payment of the principal of or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing in the Indenture contained will relieve any such member, officer, agent, employee, consultant or attorney from the performance of any official duty provided by law or by the Indenture.

CUSIP Numbers. Neither the Trustee nor the Authority are liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Bondholders and that neither the Authority nor the Trustee are liable for any inaccuracies in such numbers.

Choice of Law. THE INDENTURE WILL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

Notice to Rating Agencies. The Trustee will provide any rating agency rating the Bonds with written notice of each amendment to the Indenture and a copy thereof at least 15 days in advance of its execution.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

Upon issuance of the Bonds, Stradling Yocca Carlson & Rauth LLP, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

_________, 2026

Marin Public Financing Authority
101 Lucas Valley Road, Suite 300
San Rafael, California 94903

Re: *$_______ Marin Public Financing Authority* (Las Gallinas Valley Sanitary District) *Wastewater Revenue Bonds, Series 2026A*

Members of the Board of Directors:

We have acted as Bond Counsel to the Marin Public Financing Authority (the "Authority") in connection with the issuance of $______ aggregate principal amount of Marin Public Financing Authority (Las Gallinas Valley Sanitary District) Wastewater Revenue Bonds, Series 2026A (the "Bonds"). The Bonds have been issued by the Authority pursuant to the terms of the Indenture of Trust, dated as of February 1, 2026 (the "Indenture"), by and between the Authority and U.S. Bank Trust Company, National Association, as successor trustee (the "Trustee").

The Bonds are limited obligations of the Authority payable solely from payments to be made by the Las Gallinas Valley Sanitary District (the "District") to the Authority pursuant to an Installment Purchase Agreement, dated as of February 1, 2026 (the "Installment Purchase Agreement"), by and between the District and the Authority, and from certain funds and accounts established under the Indenture.

In connection with our representation, we have examined a certified copy of the proceedings relating to the Bonds. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigations.

Based upon the foregoing and after examination of such questions of law as we have deemed relevant in the circumstances, but subject to the limitations set forth herein, we are of the opinion that:

1. The proceedings of the Authority show lawful authority for the issuance and sale by the Authority of the Bonds under the laws of the State of California (the "State") now in force, and the Indenture has been duly authorized, executed and delivered by the Authority, and, assuming due authorization, execution and delivery by the Trustee, as appropriate, the Bonds and the Indenture are valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms.

2. The obligation of the Authority to make the payments of principal and interest on the Bonds from Authority Revenues (as such term is defined in the Indenture) is an enforceable obligation of the Authority and does not constitute an indebtedness of the Authority in contravention of any constitutional or statutory debt limit or restriction.

3. Under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and

is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations.

4. Interest (and original issue discount) on the Bonds is exempt from State personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State personal income tax.

6. The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The opinions that are expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and the Authority and are subject to the condition that the District and the Authority comply with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District and the Authority have covenanted to comply with all such requirements.

The opinions that are expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Bonds terminates on the date of their issuance. The Indenture, the Installment Purchase Agreement and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes if any such action is taken or omitted based upon the opinion or advice of counsel other than ourselves. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the Bonds.

Our opinion is limited to matters governed by the laws of the State and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

The opinions that are expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Indenture, the Installment Purchase Agreement and the Bonds 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.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and expressly disclaim any duty to advise the Owners of the Bonds with respect to matters contained in the Official Statement.

Respectfully submitted,

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority, the District and the Underwriter believe to be reliable, but neither the Authority, the District nor the Underwriter takes any responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Marin Public Financing Authority (Las Gallinas Valley Sanitary District) Wastewater Revenue Bonds, Series 2026A (the "Bonds"), payment of principal, premium, if any, accreted value, if any, and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests 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.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds 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 bond will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

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.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 Bonds 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 the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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.

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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds 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.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds 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 the Authority or the Trustee, 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, the Trustee, or the Authority, 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 the Authority or the Trustee, 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.

A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, bonds will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

Upon the issuance of the Bonds, the District proposes to enter into a Continuing Disclosure Agreement in substantially the following form:

This Continuing Disclosure Agreement (the "**Disclosure Agreement**") is executed and delivered by and between the Las Gallinas Valley Sanitary District (the "**District**") and Ridgeline Municipal Strategies, LLC, in its capacity as dissemination agent (the "**Dissemination Agent**"), in connection with the issuance of the Marin Public Financing Authority (Las Gallinas Valley Sanitary District) Wastewater Revenue Bonds, Series 2026A, in an aggregate principal amount of $________ (the "**Bonds**"). The Bonds are being issued by the Marin Public Financing Authority (the "**Authority**"), pursuant to the provisions of that certain Indenture of Trust, dated as of February 1, 2026 (the "**Indenture**"), by and between the Authority and U.S. Bank Trust Company, National Association, as successor trustee (the "**Trustee**"), in order to provide funds to finance the acquisition, construction and improvement of certain public improvements within the jurisdiction of the District. The District and the Dissemination Agent hereby certify, covenant and agree as follows:

<u>Section 1</u>. <u>Purpose of the Disclosure Agreement</u>. This Disclosure Agreement is being executed and delivered by the parties hereto for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

<u>Section 2</u>. <u>Definitions</u>. In addition to the definitions set forth in the Indenture and in the Installment Purchase Agreement, dated as of February 1, 2026 (the "**Installment Purchase Agreement**"), by and between the Authority and the District, which apply to any capitalized terms used in this Disclosure Agreement, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Annual Report Date" shall mean each March 31 after the end of the District's fiscal year, the end of which, as of the date of this Disclosure Agreement, is June 30.

"*Beneficial Owner*" shall mean any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean, initially, Ridgeline Municipal Strategies, LLC, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent that is so designated in writing by the District and has filed with the then-current Dissemination Agent a written acceptance of such designation.

"*Financial Obligations*" shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule and the issuer thereof has entered into a continuing disclosure undertaking for such municipal securities.

"Listed Events" shall mean any of the events listed in Sections 5(a) and (b) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the Official Statement dated _________, 2026, relating to the Bonds.

"Participating Underwriter" shall mean ____________, the original purchaser of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the Securities and Exchange Commission.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2026 with the Annual Report for fiscal year 2024-25, provide to the MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than 15 calendar days prior to such date, the District shall provide its Annual Report to the Dissemination Agent, if such Dissemination Agent is a different entity than the District. The Annual Report must be submitted in an electronic format as prescribed by the MSRB, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that any audited financial statements of the District may be submitted separately from the balance of the Annual Report, and not later than the date required above for the filings of the Annual Report. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a). The District 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 hereunder. The Dissemination Agent may conclusively rely upon such certification of the District and shall have no duty or obligation to review such Annual Report.

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District in a timely manner shall send to the MSRB a notice in substantially the form attached as Exhibit A. Such notice must be submitted in an electronic format as prescribed by the MSRB, accompanied by such identifying information as prescribed by the MSRB.

(c) The Dissemination Agent shall:

1. provide any Annual Report received by it to the MSRB by the date required in subsection (a);

2. file a report with the District and the Trustee (if the Dissemination Agent is other than the Trustee) certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement and stating the date it was provided; and

3. take any other actions as are mutually agreed upon between the Dissemination Agent and the District.

Section 4. Content of Annual Reports. The first Annual Report shall consist solely of the Official Statement for the Bonds. Thereafter, the Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements of the District for the prior fiscal year, which include information regarding the funds and accounts of the District, if any, 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 such audited financial statements are not available at the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Principal amount of the Bonds outstanding.

(c) The information for the most recently completed fiscal year in the form of the following tables in the Official Statement (in each case based on actual results for the most recently completed fiscal year only; no projections for future years is required):

1. Table 1, Summary of Sewer Customers by Class.

2. Table 7, Projected Revenues, Expenditures, and Debt Service Coverage.

3. A summary of any changes in the District's wastewater rates and charges since the date of the previous Annual Report.

4. A description of any Parity Debt issued during the most recently completed fiscal year.

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 District or related public entities, that are available to the public on the MSRB's Internet website or filed with the SEC. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or shall cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

1. Principal and interest payment delinquencies.

2. Unscheduled draws on debt service reserves reflecting financial difficulties.

3. Unscheduled draws on credit enhancements reflecting financial difficulties.

4. Substitution of credit or liquidity providers, or their failure to perform.

5. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB).

6. Tender offers.

7. Defeasances.

8. Rating changes.

9. Bankruptcy, insolvency, receivership or similar proceedings.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person 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 obligated person, 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 obligated person.

10. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the District shall give, or shall cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not more than ten (10) Business Days after occurrence:

1. Unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds.

2. Modifications to the rights of Bondholders.

3. Bond calls.

4. Release, substitution or sale of property securing repayment of the Bonds.

5. Non-payment related defaults.

6. The consummation of a merger, consolidation or acquisition involving the District or the sale of all or substantially all of the assets of the District, 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.

7. Appointment of a successor or additional trustee or the change of the name of a trustee.

8. Incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders.

(c) If the District determines that knowledge of the occurrence of a Listed Event under subsection (b) would be material under applicable federal securities laws, and if the Dissemination Agent is other than the District, the District shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB in a timely manner not more than ten (10) Business Days after the event.

(d) If the District determines that a Listed Event under subsection (b) would not be material under applicable federal securities laws and if the Dissemination Agent is other than the District, the District shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.

(e) The District hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the District and, if the Dissemination Agent is other than the District, the Dissemination

Agent shall not be responsible for determining whether the District's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

Section 6. Termination of Reporting Obligation. The obligations of the District and the Dissemination Agent specified in this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

Section 7. Dissemination Agent. The District may from time to time appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the District shall act as Dissemination Agent. The initial Dissemination Agent shall be Ridgeline Municipal Strategies, LLC.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to annual or event information to be provided hereunder, 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 District or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver: (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders; or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interest of Bond owners.

The District shall describe any amendment to this Disclosure Agreement in the next Annual Report filed after such amendment takes effect.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the annual financial information 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 the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information 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 District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement 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 Agreement. If the District 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 Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the District to comply with any provisions of this Disclosure Agreement any Participating Underwriter or any holder or Beneficial Owner of the Bonds, or the Trustee on behalf of the holders of the Bonds, may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed to be a default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the District to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities that it may incur arising out of or in the exercise or performance of its duties as described hereunder, if any, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall not be responsible in any manner for the format or content of any notice or Annual Report prepared by the District pursuant to this Disclosure Agreement. The District shall pay the reasonable fees and expenses of the Dissemination Agent for its duties as described hereunder.

Section 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given to the Dissemination Agent (if other than the District) and to the District as follows:

District: Las Gallinas Valley Sanitary District
101 Lucas Valley Road, Suite 300
San Rafael, California 94903
Attention: General Manager

Dissemination Agent: Ridgeline Municipal Strategies, LLC
2213 Plaza Drive
Rocklin, California 95765

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Dissemination Agent, the Trustee, the Participating Underwriter and holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Date: _________, 2026

LAS GALLINAS VALLEY SANITARY DISTRICT

By: ____
General Manager

RIDGELINE MUNICIPAL STRATEGIES, LLC
as Dissemination Agent

By: ____
Authorized Signatory

EXHIBIT A TO CONTINUING DISCLOSURE AGREEMENT

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor:	Las Gallinas Valley Sanitary District
Name of Obligations:	Marin Public Financing Authority (Las Gallinas Valley Sanitary District) Wastewater Revenue Bonds, Series 2026A
Date of Issuance:	_________, 2026

NOTICE IS HEREBY GIVEN that the Las Gallinas Valley Sanitary District (the "**District**") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated _________, 2026. The District anticipates that the Annual Report will be filed by ___________________.

Dated:

LAS GALLINAS VALLEY SANITARY DISTRICT

By: ____
Authorized Signatory

APPENDIX F

GENERAL INFORMATION ABOUT THE CITY OF SAN RAFAEL AND THE COUNTY OF MARIN

The following information concerning the City of San Rafael and the County of Marin is included only for the purpose of supplying general information regarding these areas.

General Information

City of San Rafael. In 1874, the City of San Rafael became the first incorporated city in the County of Marin, and became a charter city in 1913 by vote of its residents. The City of San Rafael is located 17 miles north of the City and County of San Francisco in Marin County, and is the County seat. The City is governed by a City Council comprised of five members, four of which are elected at-large to four-year terms while the mayor is elected separately to a four-year term. The City's land area is 22 square miles, including 17 square miles of land and 5 square miles of water and tidelands. The City of San Rafael provides a wide range of municipal services required by statute or charter, namely police and fire protection, construction and maintenance of streets, parks, storm drains and other infrastructure, recreation, childcare, permits, planning, code enforcement, and a library system.

County of Marin. Marin County was one of the original counties of California, created in 1850 at the time of statehood. The County has a total area of 828 sq. miles and, as of January 1, , a population of approximately 254,550. Geographically, the county forms a large, southward-facing peninsula, with the Pacific Ocean to the west, San Pablo Bay and San Francisco Bay to the east, and – across the Golden Gate – the City and County of San Francisco to the south. Marin County's northern border is with Sonoma County. Most of the county's population resides on the eastern side, with a string of communities running along the Bay, from Sausalito to Tiburon to San Rafael to Corte Madera. The interior contains large areas of agricultural and open space; West Marin, through which California State Route 1 runs alongside the California coast, contains many small unincorporated communities dependent on agriculture and tourism for their economies.

Population

The following table shows population estimates for the City of San Rafael, the County of Marin and the State of California for the past five years as of January 1.

CITY OF SAN RAFAEL, COUNTY OF MARIN AND STATE OF CALIFORNIA
Population Estimates
As of January 1

Area	*2021*	*2022*	*2023*	*2024*	*2025*
City of San Rafael	61,308	60,358	60,041	59,917	59,885
County of Marin	260,112	256,512	254,861	254,743	254,550
State of California	39,369,530	39,179,680	39,228,444	39,420,663	39,529,101

Source: State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State – January 1, 2021-2025. Sacramento, California, May 2025.

Industry

The table below lists employment by industry group for the County of Marin for the years 2020 through 2024.

COUNTY OF MARIN
Annual Average Labor Force
Employment by Industry Group

	2020	***2021***	***2022***	***2023***	***2024***
Civilian Labor Force	123,500	121,900	123,700	125,100	125,400
Civilian Employment	114,600	116,000	120,100	120,800	120,400
Civilian Unemployment	8,900	5,900	3,500	4,300	4,900
Civilian Unemployment Rate	7.2%	4.8%	2.9%	3.5%	3.9%
Total Farm	400	400	400	400	400
Total Nonfarm	104,600	106,200	110,100	111,700	112,300
Total Wage and Salary	105,000	106,600	110,500	112,000	112,700
Total Private	89,800	91,700	95,300	96,400	96,400
Goods Producing	11,900	12,000	12,000	11,900	11,600
Service Providing	92,700	94,200	98,100	99,800	100,700
Private Service Providing	77,900	79,700	83,300	84,500	84,800
Mining and Logging	0	0	0	0	0
Nat. Resources, Mining & Construction	7,300	7,600	7,800	7,600	7,500
Construction	7,300	7,600	7,800	7,600	7,500
Manufacturing	4,600	4,400	4,200	4,300	4,200
Trade, Transportation & Utilities	17,300	17,500	17,500	17,100	16,900
Wholesale Trade	2,200	2,100	2,100	2,200	2,200
Retail Trade	13,700	13,900	13,900	13,500	13,200
Transportation, Warehousing & Utilities	1,400	1,400	1,400	1,400	1,500
Information	2,600	2,700	2,800	2,900	2,900
Financial Activities	5,200	5,000	5,200	5,200	5,000
Professional & Business Services	17,500	17,700	18,200	17,900	17,500
Educational & Health Services	19,400	20,000	20,400	21,400	22,100
Leisure & Hospitality	11,200	12,100	14,000	14,500	14,600
Other Services	4,800	4,800	5,300	5,600	5,900
Government	14,800	14,500	14,800	15,300	15,900
Federal Government	700	700	600	600	600
Federal Government Ex. Dept. of Defense	700	700	600	600	600
Department of Defense	0	0	0	0	
State Government	2,000	1,900	1,900	1,800	1,800
State Government Education	0	0	0	0	
State Government Excluding Education	2,000	1,900	1,900	1,800	1,800
Local Government	12,000	11,900	12,300	12,900	13,400
Local Government Education	4,900	4,700	5,000	5,300	5,500
Local Government Excluding Education	7,100	7,200	7,400	7,600	7,900
Special Districts plus Indian Tribes	3,300	3,300	3,300	3,400	3,600
County	2,600	2,600	2,600	2,700	2,800
City	1,300	1,300	1,400	1,500	1,600
State and Local Government	14,100	13,800	14,200	14,700	15,200

Source: State of California Employment Development Department.

The table below lists, in alphabetical order, the major employers in the County of Marin.

COUNTY OF MARIN
Major Employers

Employer Name	*Location*	*Industry*
Bay Equity	Sausalito	Real Estate Loans
Bay Equity Home Loans	Corte Madera	Real Estate Loans
Biomarin Pharmaceutical Inc	San Rafael	Laboratories-Research & Development
California Alpine Club	Mill Valley	Clubs
College of Marin	Kentfield	Schools-Universities & Colleges Academic
Community Action Marin	Novato	Non-Profit Organizations
Corrections Dept	San Quentin	Government Offices-State
Embassy Suites By Hilton Sn	San Rafael	Hotels & Motels
Glassdoor Inc	Mill Valley	Website Hosting
Hospice By the Bay Marin	Larkspur	Physicians & Surgeons
Kaiser Permanente Novato Med	Novato	Clinics
Kaiser Permanente Sn Rafael MD	San Rafael	Hospitals
Macy's	Corte Madera	Department Stores
Managed Health Network LLC	San Rafael	Health Plans
Marin County Public Works Dept	San Rafael	Public Works Department
Marin Independent Journal	San Rafael	Newspapers (publishers/Mfrs)
Marin YMCA	San Rafael	Youth Organizations & Centers
Marinhealth Medical Ctr	Greenbrae	Hospitals
Petroleum Sales Inc	San Rafael	Petroleum Wholesale
RH (restoration Hardware)	Corte Madera	Furniture-Dealers-Retail
San Rafael Human Resources	San Rafael	City Government-Social & Human Resources
Sutter Care At Home-Marin	Novato	Home Health Service
Township Building Svc Inc	Novato	Janitor Service
Westamerica Bancorporation	San Rafael	Holding Companies (bank)
Whole Foods Market	San Rafael	Grocers-Retail

Source: State of California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2026 1st Edition.

Commercial Activity

A summary of historical taxable sales within the City of San Rafael during the past five years in which annual data is available is shown in the following table.

CITY OF SAN RAFAEL
Taxable Transactions
(dollars in thousands)

Year	*Retail Stores Taxable Transactions*	*Total Outlets Taxable Transactions*
2020	$1,282,496	$1,613,018
2021	1,517,605	1,892,537
2022	1,638,514	2,028,762
2023	1,622,939	2,014,314
2024	1,597,294	2,000,973

Source: State of California, Board of Equalization.

A summary of historical taxable sales within the County of Marin during the past five years in which annual data is available is shown in the following table.

COUNTY OF MARIN
Taxable Transactions
(dollars in thousands)

Year	*Retail Stores Taxable Transactions*	*Total Outlets Taxable Transactions*
2020	$3,982,041	$5,203,057
2021	4,669,874	6,207,919
2022	4,900,942	6,550,066
2023	4,752,659	6,435,011
2024	4,832,806	6,513,242

Source: State of California, Board of Equalization.

Construction Trends

Provided below are the building permits and valuations for the City of San Rafael and the County of Marin for calendar years 2020 through 2024.

CITY OF SAN RAFAEL
Building Permit Valuations

	2020	*2021*	*2022*	*2023*	*2024*
Permit Valuation					
New Single-family	$ 1,110,400	$ 8,824,115	$ 10,059,869	$ 9,044,780	$ 19,704,648
New Multi-family	350,000	2,500,000	1,000,000	-	2,270,138
Res. Alterations/Additions	10,607,457	25,631,388	32,581,357	30,984,678	35,425,462
Total Residential	$ 12,067,857	$ 36,955,503	$ 43,641,226	$ 40,029,458	$ 57,400,248
New Industrial	$ -	$ -	$ -	$ -	$ -
New Commercial	-	21,802,000	3,100,000	-	195,000
New Other	3,230,028	16,381,871	4,396,802	2,438,158	3,960,103
Com. Alterations/Additions	4,297,982	13,162,098	33,516,450	56,294,295	29,491,071
Total Nonresidential	$ 7,528,010	$ 51,345,969	$ 41,013,252	$ 58,732,453	$ 33,746,174
New Dwelling Units					
Single Family	7	16	49	27	64
Multiple Family	3	9	4	0	0
TOTAL	10	25	53	27	74

Source: Construction Industry Research Board, Building Permit Summary.

COUNTY OF MARIN
Building Permit Valuations

	2020	*2021*	*2022*	*2023*	*2024*
Permit Valuation					
New Single-family	$ 41,430,959	$ 107,029,811	$ 114,820,544	$ 113,239,381	$ 107,386,731
New Multi-family	350,000	6,180,686	5,915,000	34,463,840	4,046,880
Res. Alterations/Additions	145,529,536	200,676,718	250,434,532	281,323,973	246,284,483
Total Residential	$ 187,310,495	$ 313,887,215	$ 371,170,076	$ 429,027,194	$ 357,850,488
New Industrial	$ -	$ -	$ -	$ -	$ -
New Commercial	3,402,442	46,757,399	10,381,595	8,822,961	1,413,493
New Other	24,802,290	44,127,345	48,231,737	81,133,396	26,622,484
Com. Alterations/Additions	22,409,172	39,463,482	80,547,531	95,593,,803	72,977,205
Total Nonresidential	$ 50,694,904	$ 130,348,226	$ 139,160,863	$ 185,550,160	$ 101,013,182
New Dwelling Units					
Single Family	97	235	323	249	234
Multiple Family	3	21	8	360	40
TOTAL	100	256	331	609	244

Source: Construction Industry Research Board, Building Permit Summary.

Income

The following table summarizes per capita personal income for Marin County, California and the United States for 2019 through 2023.

TABLE NO. F-4
MARIN COUNTY PER CAPITA PERSONAL INCOME
2019 through 2023

Year	*Marin County*	*State of California*	*United States*
2019	$136,592	$64,219	$55,567
2020	145,393	70,098	59,123
2021	164,340	76,882	64,460
2022	168,814	76,941	66,244
2023	180,575	81,255	69,810

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Transportation

The County's transportation facilities are excellent, with U.S. Highway 101 and U.S. Interstate Highway 580 providing easy access to the rest of California. Buses provide commuter service to San Francisco and other Bay Area cities, and commuter ferries embark for San Francisco from the communities of Sausalito, Tiburon, and Larkspur. The San Francisco International Airport, located 30 miles from the Town, provides air passenger service to points worldwide.