Date Posted: 11/13/2026

NORTH MARIN WATER DISTRICT

JOINT MEETING OF
NORTH MARIN WATER DISTRICT
And
NORTH MARIN WATER DISTRICT
FINANCING AUTHORITY
AGENDA – REGULAR MEETING
November 17, 2026 – 4:00 P.M.
District Headquarters
Location: 999 Rush Creek Place
Novato, California

Information about and copies of supporting materials on agenda items are available for public review at the District Office, at the Reception Desk, by calling the District Secretary at (415) 897-4133 or on our website at nmwd.com. A fee may be charged for copies. District facilities and meetings comply with the Americans with Disabilities Act. If special accommodations are needed, please contact the District Secretary as soon as possible, but at least two days prior to the meeting.

Item	Subject

CALL TO ORDER – North Marin Water District

1. ***APPROVE: MINUTES FROM REGULAR MEETING***, November 3, 2026

2. ***OPEN TIME: (Please observe a three-minute time limit)***

   This section of the agenda is provided so that the public may express comments on any issues not listed on the agenda that are of interest to the public and within the jurisdiction of the North Marin Water District. When comments are made about matters not on the agenda, Board members can ask questions for clarification, respond to statements or questions from members of the public, refer a matter to staff, or direct staff to place a matter of business on a future agenda. The public may also express comments on agenda items at the time of Board consideration.

ACTION CALENDAR

3. ***Approve:*** Approval of the Resolution of North Marin Water District Authorizing an Installment Sale Financing, and Related Documents and Actions for Capital Improvement Projects **Resolution**

4. ***ADJOURNMENT***

CALL TO ORDER – North Marin Water District Financing Authority

1. ***OPEN TIME: (Please observe a three-minute time limit)***

   This section of the agenda is provided so that the public may express comments on any issues not listed on the agenda that are of interest to the public and within the jurisdiction of the North Marin Water District. When comments are made about matters not on the agenda, Board members can ask questions for clarification, respond to statements or questions from members of the public, refer a matter to staff, or direct staff to place a matter of business on a future agenda. The public may also express comments on agenda items at the time of Board consideration.

ACTION CALENDAR

2. ***Approve:*** Approval of the Resolution of North Marin Water District Financing Authority Authorizing an Installment Sale Financing, Issuance of Water Revenue Bonds and Related Documents and Actions for Capital Improvement Projects **Resolution**

3. ***ADJOURNMENT***

RECESS: 5 minutes before Closed Session of the North Marin Water District

Date Posted: 11/13/2026

Item	Subject
1.	***CLOSED SESSION:*** Conference with Legal Counsel – Anticipated Litigation (CA Government Code § 54956.9(d)(4).) Initiation of Litigation: Number of Potential Cases: one (1) regarding Potter Valley Hydroelectric Project, the PG&E Draft Application for Surrender of License and Application for Non-Project Use of Project Lands and the associated New Eel-Russian Facility (NERF).
2.	***CLOSED SESSION:*** Conference with Legal Counsel – Real Property Negotiations (CA Government Code Section § 54956.8). Property: APNs 160-274-07 and 160-020-15; Agency Negotiators: General Manager, AGM/Chief Engineer, and District Counsel, Under Negotiation: Price and Terms of Payment.
3.	***RECONVENE:*** Reconvene as the Board of Directors North Marin Water District
4.	***ADJOURNMENT***

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NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
NOVEMBER 3, 2026

CALL TO ORDER

President Eichstaedt called the regular meeting of the Board of Directors of North Marin Water District to order at 4:00 p.m. at the District Headquarters, and the agenda was accepted as presented. Present were Directors Jack Baker, Ken Eichstaedt, Rick Fraites, Michael Joly, and Stephen Petterle. Also, present were General Manager Tony Williams, AGM/Director of Engineering Eric Miller, Director of Administrative Services Julie Blue, and Executive Assistant/District Secretary Eileen Mulliner.

Staff members Tim Kennedy, Director of Operations, Tim Fuette, and Corey Reed were also in attendance.

GENERAL MANAGER'S REPORT

Tony Williams gave an overview of the District's winter preparation. He noted that there are two items in the Miscellaneous section of the agenda pertaining to preparation for the upcoming rainy season. He also noted that the District already does a great deal of routine winter preparation as part of our normal work. Mr. Williams said that we have engaged Miller Pacific Engineering Group to evaluate the geotechnical readiness for winter of key facilities. Mr. Williams informed the Board that we have recently purchased another portable generator for backup supply. The Board asked how many generators the District currently has and Tim Kennedy responded that we have 9, including the newest one. Mr. Williams said that we have posted a news story on our website that outlines how we are preparing for the coming winter and it includes a link to the County outlining their El Nino preparedness and what residents can do to prepare.

Mr. Wiliams said that he recently attended an ACWA Region 1 event hosted by Sonoma Water. President Eichstaedt and Tim Kennedy also attended. They toured the Wohler and Mirabel collection system on the field trip. They also visited the Mirabel Dam fish ladder. The day ended at Sonoma Dam where they also visited the fish hatchery there.

Mr. Williams reminded the Board that next Wednesday is Veteran's Day and the District will be closed.

President Eichstaedt asked if there have been any recent slides that we are aware of that Miller Pacific Engineering has assisted the District with. Mr. Williams said they have at the Cherry Hill Pump Station.

Director Joly commented that he was glad to see the items in the Miscellaneous section regarding the preparation for the upcoming winter, specifically for the sanitary sewer system.

DRAFT

OPEN TIME

President Eichstaedt asked if anyone in the audience wished to bring up an item not on the agenda and there was no response.

STAFF AND DIRECTOR'S REPORTS

President Eichstaedt asked if there were any Staff or Director's reports.

President Eichstaedt reported on the recent ACWA Region 1 tour that he and Tony Williams and Tim Kennedy attended.

CONSENT CALENDAR

President Eichstaedt asked that Item #5 be pulled from the Consent Calendar for discussion and there was no opposition from the other directors.

On the motion of Director Joly, seconded by Director Petterle, the Board approved the consent calendar by the following vote:

AYES: Director(s) Baker, Eichstaedt, Fraites, Joly, and Petterle

NOES: None

ABSENT: None

ABSTAIN: None

Approve October 20, 2026, Board Regular Meeting minutes.

ACTION CALENDAR

APPROVE: GENERAL SERVICES AGREEMENT - MILLER PACIFIC ENGINEERING GROUP

President Eichstaedt had some questions regarding competitive rates for a general services agreement for geotechnical work. Mr. Miller gave the history the District has with Miller Pacific Engineering Group (MPEG) and an overview of the item. He said that 3 additional geotechnical firms had been looked at and MPEG's hourly rates are the lowest. Mr. Williams noted that, per state and federal law, we cannot choose a firm based on fees and MPEG provides exceptional services and is familiar with the local geology.

On the motion of Director Petterle, seconded by Director Joly, the Board approved the General Services Agreement – Miller Pacific Engineering Group by the following vote:

AYES: Director(s) Baker, Eichstaedt, Fraites, Joly, and Petterle

NOES: None

ABSENT: None

ABSTAIN: None

APPROVE: REVISED 2026 BOARD MEETING CALENDAR

Mr. Williams noted that the 2026 Board meeting calendar had been revised to reflect that the November 17 meeting that had been originally shown as tentative is now a regularly scheduled meeting.

DRAFT

On the motion of Director Joly, seconded by Director Fraites, the Board approved the Revised 2026 Board Meeting Calendar by the following vote:

AYES: Director(s) Baker, Eichstaedt, Fraites, Joly, and Petterle
NOES: None
ABSENT: None
ABSTAIN: None

APPROVED: FACILITY USE AGREEMENT BETWEEN NMWD AND MARIN COUNTY FOR DISASTER AND EMERGENCY RESPONSE

Tony Williams gave a brief overview of this item. The Board had some comments and questions that were addressed by Mr. Williams.

On the motion of Director Joly, seconded by Director Fraites, the Board approved the Facility Use Agreement between NMWD and Marin County for Disaster and Emergency Response by the following vote:

AYES: Director(s) Baker, Eichstaedt, Fraites, Joly, and Petterle
NOES: None
ABSENT: None
ABSTAIN: None

INFORMATION ITEMS

FISCAL YEAR 2026/2027 1ST QUARTER FINANCIAL STATEMENT

Julie Blue summarized the FY 26/27 1st Quarter Financial Statement. The Board had some questions that were addressed by Ms. Blue and Mr. Williams.

WAC & TAC AGENDA – NOVEMBER 2, 2026

Tony Williams highlighted some of the items on the November 2 WAC & TAC meeting agenda, including items 7, 8 and 12.

CAPITAL IMPROVEMENT PROGRAM (CIP) LONG RANGE ROAD MAP

Eric Miller gave an overview of the CIP long range plan and associated potential funding sources. There was some discussion and questions from the Board that were addressed by staff.

NEWS AND MISCELLANEOUS REPORTS

The Board received the following miscellaneous items: Disbursements – Dated October 22 and 29, 2026; Auditor-Controller's Monthly Report of Investments for September 2026; NOAA Monthly Outlook Precipitation Probability; SWRCB - El Nino Preparation for Sanitary Sewer Systems; NMWD El Nino Preparations Winter 2026-27; Pt. Reyes Station Customer Thanks, and ERPA Response to DOI Scoping Comments.

DRAFT

ADJOURNMENT

President Eichstaedt adjourned the meeting at 5:16 p.m.

Submitted by

Eileen Mulliner
District Secretary

DRAFT

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NORTH MARIN WATER DISTRICT

MEMORANDUM

To: Board of Directors, North Marin Water District Date: November 17, 2026

From: Tony Williams, General Manager
Julie Blue, Director of Administrative Services

Subject: Approval of the Resolution of North Marin Water District Authorizing an Installment Sale Financing and Related Documents and Actions for Capital Improvement Projects
T:\AC\Board Reports\Board Memos\2026\Financing FY 26.27\Bond Financing Approval 11.17.26\2026 Bonds - District Board Approval Memo.docx

RECOMMENDED ACTION: Approval Resolution 26-10 of North Marin Water District Authorizing Installment Sale to Provide Financing of System Improvements and Related Documents and Actions

FINANCIAL IMPACT: Authorize Installment Sale Financing and Issuance of Bonds in an aggregate principal amount not to exceed $16,000,000 and a true interest cost not to exceed 5%

Background

The District has identified capital improvements for its enterprise system, primarily serving the Novato and West Marin Water Enterprises to be financed on a long-term basis using publicly-offered tax-exempt debt. The planned projects include potable water pipeline improvements and replacements, pump station replacements or rehabilitations, and hydro-pneumatic system upgrades. Using debt for the projects will help the District maintain cash for reserves and other purposes, as well as ensure the cost of the projects are paid for by District customers into the future, since those customers will have the use of such improvements. Issuing the debt via a public offering, instead of a private placement, will ensure the lowest possible borrowing cost, given the current interest rate environment.

On October 20, 2026, the District Board approved formation of the North Marin Water District Financing Authority (the “Authority”) through a joint exercise of powers agreement with the California Statewide Communities Development Authority. The District Board also serves as the governing board of the Authority and District staff also serve as staff to the Authority.

Proposed Financing

The proposed North Marin Water District Financing Authority 2026 Water Revenue Bonds (the “Bonds”) will be secured by installment payments paid by the District to the Authority under an Installment Sale Agreement, a very common financing structure used by water districts and other local agencies throughout California. The Authority would issue the Bonds, and the District would make installment payments secured by and payable from the Net Revenues of the System.

The Bonds are expected to be sold through a competitive sale under the Official Notice of Sale (“Notice of Sale”). Proceeds would finance capital improvements to the System and pay

costs of issuance. Interest would be payable semiannually on June 1 and December 1, commencing June 1, 2027, with a final maturity on December 1, 2041.

Board Actions Requested

In its capacity as governing body of the District, the District Board is being asked to approve the financing proposal and issuance of the Bonds by the Authority; approve the Installment Sale Agreement between the District and the Authority; authorize the competitive sale within the not-to-exceed principal amount and true interest cost established in both the District Resolution and Authority Resolution; approve and authorize distribution of the Preliminary Official Statement ("POS"); and authorize execution and delivery of the Continuing Disclosure Certificate and other documents and actions needed to complete the financing.

In its capacity as governing body of the Authority, the District Board is being asked to authorize issuance of the Bonds, approve the Indenture of Trust and Installment Sale Agreement, authorize the competitive sale and award of the Bonds under the Notice of Sale and within the parameters established in the Authority Resolution, approve the POS; and authorize the officers of the Authority to execute the financing documents and take the actions necessary to issue and deliver the Bonds.

Financing Documents

The principal financing documents presented for approval pursuant to the District Resolution and the Authority Resolution, respectively, are the following:

- **Installment Sale Agreement** (between the District and Authority): Establishes the District's obligation to make semi-annual Installment Payments from Net Revenues of the System to pay for the project being financed over the life of the Installment Sale Agreement, which corresponds to the life of the Bonds. See Attachment 2.
- **Indenture of Trust** (between the Authority and the Trustee): Establishes the terms of the Bonds and the Authority's pledge of revenues (consisting of the Installment Payments) to U.S. Bank Trust Company, National Association, as trustee. The Trustee administers the Bonds and sends payments to the Bondholders. See Attachment 3.
- **Preliminary Official Statement:** Serves as the primary disclosure document that provides information concerning the Authority, the District, the System, the financing plan, security for the Bonds, and other investor considerations. Under federal securities laws, the Preliminary Official Statement must contain all material information concerning the Bonds, meaning all information that a reasonable investor would consider in making an investment decision in the Bonds. See Attachment 4.

- **Continuing Disclosure Certificate (Appendix C to the POS):** Establishes the District's continuing disclosure obligations following issuance, which includes annual reporting of financial information and notification of certain enumerated events should they occur.
- **Notice of Sale:** Establishes the procedures for the competitive sale of the Bonds, which is the date and time when all prospective bond underwriting firms can provide a bid and the criteria pursuant to which the winning bidder will be selected (i.e., lowest true interest cost proposal that meets all of the District's financing needs). See Attachment 5.

If approved tonight, District staff will work with the financing team to release the Preliminary Official Statement and Notice of Sale to prospective bond underwriters and investors on November 18, hold the competitive sale on or about December 2 (subject to market conditions) and close the financing approximately two weeks later. At that time, funds would be available to the District to pay for the capital improvement projects.

Fiscal Impact

Debt service on the Bonds will be payable from installment payments made by the District from Net Revenues of the System. The financing documents require the District to maintain rates and charges sufficient to satisfy the rate covenant (Net Revenues at least equal to 120% of annual debt service on the Bonds and parity obligations). NHA Advisors, the District's Municipal Advisor, has provided financing estimates in Appendix A.

Alignment with Strategic Plan

Goal 1: Strengthen Infrastructure Resilience; Action 1.4 Pursue Diversified Funding for Capital projects.

The proposed water revenue bond financing supports this strategic action by pursuing a viable debt financing mechanism that was historically used by the District in the 1970s and 1980s.

RECOMMENDATION:

Staff recommends that the District Board, sitting as the governing body of the District, adopt the District Resolution 26-10 (Attachment 1). These actions will authorize District staff and its financing team to proceed with the competitive sale of the 2026 Bonds, subject to the parameters and delegated authority in the Resolution.

ATTACHMENTS:

1. District Resolution 26-10
2. Installment Sale Agreement
3. Indenture of Trust (See Financing Authority)
4. Preliminary Official Statement, including the Continuing Disclosure Certificate (See Financing Authority Agenda)
5. Official Notice of Sale (See Financing Authority Agenda)

APPENDIX A

REQUIRED DISCLOSURES PURSUANT TO GOVERNMENT CODE SECTION 5852.1

In accordance with Government Code 5852.1, the following information consists of "good faith estimates" for the Bonds that have been provided by NHA Advisors, LLC, the District's Municipal Advisor, as of October 26, 2026:

True Interest Cost ("TIC"): Estimated true interest cost of the Bonds.	**3.91%**
Finance Charge: Estimated finance charge, meaning the sum of all fees and charges paid to third parties.	**$295,434**
Net Proceeds: Estimated proceeds of the Bonds expected to be received by the public body, net of finance charges and any reserves or capitalized interest funded from the proceeds.	**$15,000,000**
Total Payment Amount: Estimated total payment amount (sum total of all debt service payments on the Bonds plus the finance charge not paid with proceeds of the Bonds) calculated to the final maturity of the Bonds.	**$20,390,307**

RESOLUTION NO. 26-10

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH MARIN WATER DISTRICT AUTHORIZING AN INSTALLMENT SALE TO PROVIDE FINANCING OF SYSTEM IMPROVEMENTS AND APPROVING DOCUMENTS AND ACTIONS RELATED THERETO

WHEREAS, the District owns and operates wastewater, recycled water, potable water collection, transmission, treatment, storage and/or disposal facilities (as further defined herein, collectively, the "System") and the District wishes at this time to finance improvements to the System, consisting of water infrastructure improvements and other capital projects (the "Project") and;

WHEREAS, the District and the California Statewide Communities Development Authority have entered into a Joint Exercise of Powers Agreement, dated as of November 1, 2026, establishing the North Marin Water District Financing Authority (the "Authority") for the purpose, among others, of having the Authority issue its bonds to finance the acquisition, construction and improvement of public capital improvements like the Project; and

WHEREAS, for the purpose of raising funds necessary to finance the Project, the Authority proposes to issue revenue bonds under the provisions of Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Bond Law"), designated as the North Marin Water District Financing Authority 2026 Water Revenue Bonds (the "Bonds"); and

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

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

WHEREAS, pursuant to Government Code Section 5852.1, certain information relating to the proposed financing is set forth in the staff report accompanying this Resolution, and such information is hereby disclosed and made public; and

WHEREAS, the Board wishes at this time to approve all of said transactions in furtherance of the public purposes of the District and to authorize all proceedings and documents relating to the financing of the Project as described herein.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the North Marin Water District as follows:

1. Approval of Financing Proposal. The Board hereby approves the issuance of the Bonds by the Authority under the Bond Law for the purpose of providing funds to finance the acquisition, construction and installation of the Project.

2. Approval of Installment Sale Agreement. The Board hereby approves the Installment Sale Agreement between the Authority and the District, under which the Authority agrees to provide financing for the Project and to sell the completed Project to the District in

consideration of the payment by the District of semiannual installment payments which are sufficient to provide revenues with which to pay principal of and interest on the Bonds when due, and which installment payments will be secured by and payable from the net revenues generated by the System, as described more fully therein. The Installment Sale Agreement is hereby approved in substantially the form on file with the District Secretary together with any changes therein or additions thereto deemed advisable by the General Manager, the Assistant General Manager/Director of Engineering, or the Director of Administrative Services, or any designee of any of them (each, an "Authorized Officer"), and the execution thereof by an Authorized Officer shall be conclusive evidence of the approval of any such changes or additions. An Authorized Officer is hereby authorized and directed for and in the name and on behalf of the District to execute, and the District Secretary is hereby authorized and directed to attest to, if necessary, the final form of the Installment Sale Agreement.

3. Sale of Bonds by the Authority. The Board hereby authorizes the sale of the Bonds by the Authority via a competitive sale; provided, the aggregate principal amount of the Bonds shall not exceed $16,000,000 and the true interest cost of the Bonds shall not exceed 5.00%. Subject to the foregoing, an Authorized Officer is authorized and directed to award the purchase of the Bonds to the winning bidder pursuant to the competitive sale in accordance with the terms and conditions of the Official Notice of Sale for the Bonds, a copy of which is on file with the District Secretary and hereby approved. An Authorized Officer is hereby authorized and directed for and in the name and on behalf of the Authority to publish the final form of the Official Notice of Sale.

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

5. Official Actions. Each Authorized Officer, the District Secretary, and any assistant or deputy thereof, are each authorized and directed in the name and on behalf of the District to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, including but not limited to a Continuing Disclosure Certificate in substantially the form attached to the Official Statement approved herein, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution. Whenever in this Resolution any officer of the District is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of any person serving in such role in an interim capacity or by any officer or person designated by such officer to act on his or her behalf.

6. Effective Date. This Resolution shall take effect immediately upon its passage and adoption.

* * * * * * * * * *

The foregoing Resolution was duly and regularly introduced, passed, and adopted by the Board of Directors of the North Marin Water District at a regular meeting thereof held on the 17th day of November, 2026 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

_____
President of the Board

ATTEST:

_____
District Secretary

Jones Hall Draft 11.13.26

INSTALLMENT SALE AGREEMENT

Dated as of _____ 1, 2026

between the

NORTH MARIN WATER DISTRICT FINANCING AUTHORITY,
as Seller

and the

NORTH MARIN WATER DISTRICT,
as Purchaser

Relating to

$_____
North Marin Water District Financing Authority
2026 Water Revenue Bonds

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INSTALLMENT SALE AGREEMENT

This INSTALLMENT SALE AGREEMENT (this "Agreement"), dated as of _____ 1, 2026, is between the NORTH MARIN WATER DISTRICT FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), as seller, and the NORTH MARIN WATER DISTRICT, a county water district duly organized and existing under the County Water District Law of the State of California (the "District"), as purchaser.

B A C K G R O U N D :

1. The District owns and operates wastewater, recycled water, potable water collection, transmission, treatment, storage and/or disposal facilities (as further defined herein, collectively, the "System") and the District wishes at this time to finance improvements to the System, consisting of water infrastructure improvements and other capital projects (the "2026 Project").

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

3. In order to provide funds to finance the acquisition, construction and installation of the 2026 Project, the Authority has proposed to sell the 2026 Project to the District on an installment basis, and the District has proposed to purchase the 2026 Project from the Authority as provided in this Agreement.

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

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

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

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

A G R E E M E N T :

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

ARTICLE I

DEFINITIONS; RULES OF INTERPRETATION

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

SECTION 1.2. Interpretation.

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

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

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

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

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

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

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

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

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

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

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

(g) Encumbrances. There are no easements, encumbrances or interests with respect to the System or the 2026 Project that prohibit or materially impair the execution, delivery and performance of this Installment Sale Agreement or the acquisition or use of the 2026 Project or the facilities or operations of the System.

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

(a) Due Organization and Existence. The Authority is a joint exercise of powers authority organized and existing under the laws of the State of California,

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

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

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

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

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

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

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

(g) Encumbrances. To the best knowledge of the Authority, there are no easements, encumbrances or interests with respect to the System or the 2026 Project that prohibit or materially impair the execution, delivery and performance of this Installment Sale Agreement or the acquisition or use of the 2026 Project or the facilities or operations of the System.

ARTICLE III

ISSUANCE OF 2026 BONDS; CONSTRUCTION OF 2026 PROJECT

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

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

SECTION 3.3. Acquisition and Construction of the 2026 Project. The Authority hereby agrees with due diligence to supervise and provide for, or cause to be supervised and provided for, the acquisition, construction and installation of the 2026 Project in accordance with the plans and specifications, purchase orders, construction contracts and other documents relating thereto and approved by the District under all applicable requirements of law. All contracts for, and all work relating to, the acquisition, construction and installation of the 2026 Project are subject to all applicable provisions of law relating to the acquisition and construction of public works by the District. The Authority expects that the 2026 Project will be completed within three years of the date hereof, however the failure of the Authority or the District to complete the 2026 Project within that period does not constitute an Event of Default hereunder or grounds for termination hereof, nor does any such failure result in the diminution, abatement or extinguishment of the obligations of the District hereunder to pay the Installment Payments when due hereunder.

SECTION 3.4. Appointment of District as Agent. The Authority hereby appoints the District as its agent to carry out all phases of the acquisition, construction and installation of the 2026 Project under and in accordance with the provisions hereof. The District hereby accepts such appointment and assumes all rights, liabilities, duties and responsibilities of the Authority regarding the acquisition, construction and installation of the 2026 Project, including insuring the 2026 Project against risk during construction. As agent of the Authority hereunder, the District shall enter into, administer and enforce all purchase orders or other contracts relating to the 2026

Project. Payment of Project Costs shall be made by the District from amounts held by the District in the Project Fund in accordance with the provisions of this Agreement and the provisions of the Indenture.

SECTION 3.5. Plans and Specifications. The District has the right to specify the exact scope, nature and identification of the 2026 Project and the respective components thereof. Before any payment is made for the 2026 Project or any component thereof from amounts on deposit in the Project Fund, the District must prepare detailed plans and specifications relating thereto. The District may from time to time amend any such plans and specifications, and thereby change or modify the description of the 2026 Project or any component thereof.

SECTION 3.6. Certificate of Completion. Upon the completion of the 2026 Project, but in any event not later than 30 days following such completion, an Authorized Officer of the District shall execute and deliver to the Authority and/or the Trustee, if requested to do so, a Written Certificate of the District which (a) states that the construction of the 2026 Project has been substantially completed, (b) identifies the total Project Costs thereof, and (c) identifies the amounts, if any, to be reserved in the Project Fund for payment of future Project Costs.

ARTICLE IV

SALE OF PROJECT; INSTALLMENT PAYMENTS

SECTION 4.1. Sale of 2026 Project. The Authority hereby sells, bargains and conveys the 2026 Project to the District, and the District hereby purchases the 2026 Project from the Authority, upon the terms and conditions set forth in this Agreement.

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

SECTION 4.3. Title. Title to the 2026 Project, and each component thereof, shall be deemed conveyed by the Authority to and vested in the District upon the completion of the acquisition, construction and installation thereof. The Authority and the District will execute, deliver and cause to be recorded any and all documents reasonably required by the District to consummate the foregoing transfer of title.

SECTION 4.4. Installment Payments.

(a) Obligation to Pay. The District hereby agrees to pay to the Authority, as the purchase price of the 2026 Project hereunder, the aggregate principal amount of $_____ together with interest (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof, payable in semiannual installment payments in the respective amounts and on the respective Installment Payment Dates specified in Appendix A hereto.

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

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

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

(c) Rate on Overdue Payments. If the District fails to make any of the payments required in this Section 4.4 and Section 4.7, the payment in default will continue as an obligation of the District until fully paid, and the District agrees to pay the same with interest thereon, from the date of default to the date of payment, at the Overdue Rate.

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

SECTION 4.5. Pledge and Application of Net Revenues.

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

(b) Deposit of Net Revenues; Transfers to Make Payments. The District will hold in trust the Net Revenue, for the purposes and uses set forth herein. The District shall deposit all of the Gross Revenues into its funds maintained for the purpose immediately upon receipt. The District shall apply amounts in so deposited as set forth in this Agreement and any Parity Obligations Documents. Amounts on deposit shall be applied by the District to pay when due the following amounts in the following order of priority:

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

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

(iii) to the Trustee (or other recipient set forth in a Parity Obligations Document) the amount of any deficiency in any reserve fund established for any Parity Obligation (or to pay any reserve insurer any amounts owed in connection with any draw on any reserve fund insurance policy), the notice of which deficiency has been given to the District in accordance with the Indenture and the related Parity Obligations Documents, on a pro rata basis; and

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

(c) No Preference or Priority. Payment of the Installment Payments and the principal of and interest on any Parity Obligation shall be made without preference or priority among the Installment Payments and such Parity Obligation. If the amount of Net Revenues on deposit is at any time insufficient (or forecast to be insufficient) to enable the District to pay when due the Installment Payments and the principal of and interest on any Parity Obligation (or payments made in accordance with any reserve account or reserve fund, including to pay any reserve insurer any amounts owed in connection with any draw on any reserve fund insurance policy), such payments shall be made on a pro rata basis.

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

The obligations of the District to pay the Installment Payments from the Net Revenues and to perform and observe the other agreements contained herein are absolute and unconditional and are not subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach by the Authority or the Trustee of any obligation to the District or otherwise with respect to the System, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the District by the Authority or the Trustee. Until all of the Installment Payments, all of the Additional Payments and all other amounts coming due and payable hereunder are fully paid or prepaid, the District (a) will not suspend or discontinue payment of any Installment Payments, Additional Payments or such other amounts, (b) will perform and observe all other agreements contained in this Agreement, and (c) will not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the facilities of the System, failure to complete the acquisition and construction of the 2026 Project by the estimated completion date thereof, sale of the facilities of the System, the taking by eminent domain of title to or temporary use of any component of the System, commercial frustration of purpose, any change in the tax law or other laws of the United States of America or the State of California or any political subdivision of either thereof, or any failure of the Authority or the Trustee to perform and observe any agreement, whether express or

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

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

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

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

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

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

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

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

ARTICLE V

COVENANTS OF THE DISTRICT

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

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

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

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

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

SECTION 5.3. Sale or Eminent Domain.

(a) The District will not sell, lease or otherwise dispose of the facilities of the System or any part thereof essential to the proper operation of the System or to the maintenance of the Net Revenues except as herein expressly permitted. The District will not enter into any lease or agreement which impairs the operation of the System or any part thereof necessary to secure adequate Net Revenues for the payment of the interest on and principal or redemption price, if any, on the Bonds, or which would otherwise impair the rights of the holders of the Bonds with respect to the Net Revenues or the operation of the System. Any real or personal property which has become non-operative or which is not needed for the efficient and proper operation of the

System, or any material or equipment which has worn out, may be sold without the consent of the holders of the Bonds if such sale will not materially adversely impair the Net Revenues available to pay the 2026 Bonds.

(b) If all or any part of the facilities of the System shall be taken by eminent domain proceedings, the Net Proceeds realized by the District therefrom shall be applied by the District (a) to the cost of acquiring or constructing or financing improvements for the System, or (b) to pay debt service on or redeem Bonds or any Parity Obligation in accordance with the Indenture or the applicable Parity Obligations Documents.

SECTION 5.4. Insurance. The District covenants that it shall at all times maintain such insurance with respect to the System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such works or properties.

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

All amounts collected from insurance against accident to or destruction of any portion of the facilities of the System shall be used to repair or rebuild such damaged or destroyed portion thereof, and to the extent not so applied, shall be applied to pay debt service on or redeem Bonds or any Parity Obligation in accordance with the Indenture or the applicable Parity Obligations Documents.

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

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

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

SECTION 5.6. Rates and Charges.

(a) The District shall fix, prescribe, revise and collect rates and charges for the System during each Fiscal Year which are at least sufficient, after making allowances for contingencies and error in the estimates, to produce Gross Revenues which will be sufficient to pay the following amounts:

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

(ii) the Installment Payments and Debt Service on any Parity Obligations;

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

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

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

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

SECTION 5.8. Issuance of Parity Obligations. The District may issue or execute additional bonds, notes, leases, installment sale agreements and other obligations payable from and secured by a pledge of and lien upon some or all of the Net Revenues, on parity with the Installment Payments and the other Parity Obligations, subject to the following specific conditions precedent:

(a) The District is in compliance with all covenants set forth in this Agreement and in the Indenture.

(b) The Net Revenues calculated on Generally Accepted Accounting Principles, as shown by the books of the District for the latest Fiscal Year or any more recent 12-month period selected by the District ending not more than 60 days prior to the adoption of the applicable Parity Obligations Document pursuant to which such Parity Obligation is issued, as shown by the books of the District, plus, at the option of the District, any or all of the items hereinafter in this paragraph designated (i) and (ii), shall at least equal 120% of Maximum Annual Debt Service, with Maximum Annual Debt Service calculated on all bonds and other obligations to be outstanding immediately subsequent to the issuance of such Parity Obligation which have a lien on said Net Revenues. The items any or all of which may be added to such Net Revenues for the purpose of issuing or incurring Parity Obligation hereunder are the following:

(i) An allowance for Net Revenues from any additions to or improvements or extensions with respect to the System to be made with the proceeds of such Parity Obligation, and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of such Fiscal Year or such 12-month period, were not in service, all in an amount equal to 90% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36-month period in which each addition, improvement or extension is respectively to be in operation, all as shown in the written report of an Independent Consultant engaged by the District; and

(ii) An allowance for revenues projected to arise from any increase in the rates and charges which has been approved by the District Board prior to the incurring of such additional indebtedness but which, during all or any part of such Fiscal Year or such 12-month period, was not in effect, in an amount equal to the amount by which the Net Revenues would have been increased if such increase in rates and charges had been in effect during the whole of such Fiscal Year or such 12-month period, all as shown in the written report of an Independent Consultant engaged by the District. For the avoidance of doubt, a charge shall be considered to have been approved by the District Board and may be considered in the calculation of the allowance described in the previous sentence if the water rate and charge is part of a multi-year rate increase that has been approved by the District Board, even if the specific rate and charge will not take effect until a subsequent Fiscal Year.

(c) Notwithstanding the foregoing, any Parity Obligation proposed to be issued for the purpose of refunding any Parity Obligation may be issued without compliance with subsection (b), so long as such refunding results in lower Debt Service in each Fiscal Year after such refunding and the final maturity (or termination) date of the refunding Parity Obligation is no later than the final maturity (or termination) date of the refunded Parity Obligation. For clarity, Parity Obligations may or may not be secured by a debt service reserve fund.

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

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

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

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

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

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

(v) to provide for the issuance of any Parity Obligation pursuant to Section 5.8 hereof.

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

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

SECTION 5.12. Rate Stabilization Fund. The District may establish a rate stabilization fund (the "Rate Stabilization Fund"). From time to time the District may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Net Revenues that are released from the pledge and lien which secures the Installment Payments and any Parity Obligations, as the District may determine.

The District may, but is not required to, apply as Gross Revenues any amounts on deposit in a Rate Stabilization Fund which are transferred to a District revenue fund within 210 days following the end of any Fiscal Year. Amounts so transferred shall constitute Gross Revenues for the applicable Fiscal Year (except to the extent of amounts transferred into the Rate Stabilization Fund from Gross Revenues received by the District in such Fiscal Year, so as to avoid double-counting). Amounts on deposit in a Rate Stabilization Fund shall not be pledged to or otherwise secure the Installment Payments or any Parity Obligations. The District has the right at any time to withdraw any or all amounts on deposit in a Rate Stabilization Fund and apply such amounts for any lawful purposes of the District.

SECTION 5.13. Tax Covenants. The District shall comply in all respects with the tax covenants of the Authority set forth in the Indenture as if such covenants are given by the District. The District shall take no action which in the opinion of Bond Counsel would impair the tax exempt status of the Bonds.

ARTICLE VI

EVENTS OF DEFAULT

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

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

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

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

(d) The filing by the District of a voluntary petition in bankruptcy, or failure by the District promptly to lift any execution, garnishment or attachment, or adjudication of the District as a bankrupt, or assignment by the District for the benefit of creditors, or the entry by the District into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the District in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

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

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

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

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

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

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

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

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

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

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

ARTICLE VII

PREPAYMENT OF INSTALLMENT PAYMENTS

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

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

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

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

SECTION 7.2. Optional Prepayment Relating to the 2026 Bonds. The District may exercise its option to prepay the principal components of the Installment Payments relating to the 2026 Bonds in whole or in part on any date on or after December 1, _____. The District may exercise such option by payment of a prepayment price equal to the sum of (a) the aggregate principal components of the Installment Payments relating to the 2026 Bonds to be prepaid, (b) the interest component of the Installment Payment relating to the 2026 Bonds required to be paid on or accrued to such date, and (c) the premium (if any) then required to be paid upon the corresponding redemption of the 2026 Bonds under Section 4.01(a) of the Indenture. The Trustee shall deposit the prepayment price in the Redemption Fund to be applied to the redemption of 2026 Bonds under Section 4.01(a) of the Indenture. If the District prepays the Installment Payments in part but not in whole, the principal components will be prepaid among such maturities and in such integral multiples of $5,000 as the District designates in written notice to the Trustee.

SECTION 7.3. Redemption From Proceeds of Insurance or Condemnation. The District shall prepay the Installment Payments on any date, in whole, or in part among maturities on a pro rata basis in any integral multiple of $5,000, from and to the extent of any proceeds of

hazard insurance or condemnation awards with respect to the facilities of the System theretofore paid to the Trustee for such purpose under Sections 5.3 or 5.4. The District and the Authority hereby agree that such proceeds, to the extent remaining after payment of any delinquent Installment Payments, will be deposited in the Redemption Fund and credited towards the District's obligations under this Section 7.3.

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

ARTICLE VIII

MISCELLANEOUS

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

SECTION 8.2. Notices. All notices or communications to be given under this Agreement shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, confirmed by telephone, (b) 48 hours after deposit in the United States mail, postage prepaid, to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority, the District or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the District or the Authority:	North Marin Water District P.O. Box 146 Novato, California 94948 Attention: General Manager
If to the Trustee:	U.S. Bank Trust Company, National Association 633 W. Fifth Street, Floor 24 Los Angeles, California 90071 Attention: Global Corporate Trust

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

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

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

SECTION 8.6. Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, are solely for convenience of reference and do not affect the meaning, construction or effect of this Agreement. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender mean and include words of the feminine and neuter genders.

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

SECTION 8.8. Execution of Counterparts. This Agreement may be executed in any number of counterparts, each of which will for all purposes be deemed to be an original and all of which together constitute but one and the same instrument.

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

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

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

NORTH MARIN WATER DISTRICT FINANCING AUTHORITY, *as Seller*

By: _____
Ken Eichstaedt, Chair

NORTH MARIN WATER DISTRICT, *as Purchaser*

By: _____
Ken Eichstaedt, Board President

APPENDIX A

SCHEDULE OF INSTALLMENT PAYMENTS

Interest Payment Date[1]	Principal Component	Interest Component	Total Payment
TOTALS			

(1) Installment Payment Dates are the fifth (5th) Business Day immediately preceding each Interest Payment Date shown in the table.

APPENDIX B

DESCRIPTION OF 2026 Project

The 2026 Project will consist of the following improvements, and any other improvements approved by the District Board:

[insert brief description of the project]

4

ADJOURNMENT

1

2

NORTH MARIN WATER DISTRICT

ITEM #2

MEMORANDUM

Date: November 17, 2026

To: Board of Directors, North Marin Water District Financing Authority

From: Tony Williams, Executive Director
Julie Blue, Treasurer

Subject: Approval of the Resolution of the North Marin Water District Financing Authority Authorizing an Installment Sale Financing, Issuance of Water Revenue Bonds and Related Documents and Actions for Capital Improvement Projects
T:\AC\Board Reports\Board Memos\2026\Financing FY 26.27\Bond Financing Approval 11.17.26\2026 Bonds - Finance Authority Approval Memo .docx

RECOMMENDED ACTION: Approval of the Resolution 26-01 of North Marin Water District Financing Authority Authorizing an Installment Sale Financing and Issuance of Water Revenue Bonds and Related Documents and Actions

FINANCIAL IMPACT: None for the NMWD Financing Authority

Background

The District has identified capital improvements for its enterprise system, primarily serving the Novato and West Marin Water Enterprises to be financed on a long-term basis using publicly-offered tax-exempt debt. The planned projects include potable water pipeline improvements and replacements, pump station replacements or rehabilitations, and hydro-pneumatic system upgrades. Using debt for the projects will help the District maintain cash for reserves and other purposes, as well as ensure the cost of the projects are paid for by District customers into the future, since those customers will have the use of such improvements. Issuing the debt via a public offering, instead of a private placement, will ensure the lowest possible borrowing cost, given the current interest rate environment.

On October 20, 2026, the District Board approved formation of the North Marin Water District Financing Authority (the "Authority") through a joint exercise of powers agreement with the California Statewide Communities Development Authority. The District Board also serves as the governing board of the Authority and District staff also serve as staff to the Authority.

Proposed Financing

The proposed North Marin Water District Financing Authority 2026 Water Revenue Bonds (the "Bonds") will be secured by installment payments paid by the District to the Authority under an Installment Sale Agreement, a very common financing structure used by water districts and other local agencies throughout California. The Authority would issue the Bonds, and the District would make installment payments secured by and payable from the Net Revenues of the System.

The Bonds are expected to be sold through a competitive sale under the Official Notice of Sale ("Notice of Sale"). Proceeds would finance capital improvements to the System and pay costs of issuance. Interest would be payable semiannually on June 1 and December 1, commencing June 1, 2027, with a final maturity on December 1, 2041.

Board Actions Requested

In its capacity as governing body of the District, the District Board is being asked to approve the financing proposal and issuance of the Bonds by the Authority; approve the Installment Sale Agreement between the District and the Authority; authorize the competitive sale within the not-to-exceed principal amount and true interest cost established in both the District Resolution and Authority Resolution; approve and authorize distribution of the Preliminary Official Statement ("POS"); and authorize execution and delivery of the Continuing Disclosure Certificate and other documents and actions needed to complete the financing.

In its capacity as governing body of the Authority, the District Board is being asked to authorize issuance of the Bonds, approve the Indenture of Trust and Installment Sale Agreement, authorize the competitive sale and award of the Bonds under the Notice of Sale and within the parameters established in the Authority Resolution, approve the POS; and authorize the officers of the Authority to execute the financing documents and take the actions necessary to issue and deliver the Bonds.

Financing Documents

The principal financing documents presented for approval pursuant to the District Resolution and the Authority Resolution, respectively, are the following:

- **Installment Sale Agreement** (between the District and Authority): Establishes the District's obligation to make semi-annual Installment Payments from Net Revenues of the System to pay for the project being financed over the life of the Installment Sale Agreement, which corresponds to the life of the Bonds. See Attachment 2.
- **Indenture of Trust** (between the Authority and the Trustee): Establishes the terms of the Bonds and the Authority's pledge of revenues (consisting of the Installment Payments) to U.S. Bank Trust Company, National Association, as trustee. The Trustee administers the Bonds and sends payments to the Bondholders. See Attachment 3.
- **Preliminary Official Statement:** Serves as the primary disclosure document that provides information concerning the Authority, the District, the System, the financing plan, security for the Bonds, and other investor considerations. Under federal securities laws, the Preliminary Official Statement must contain all material information concerning the

Bonds, meaning all information that a reasonable investor would consider in making an investment decision in the Bonds. See Attachment 4.

- **Continuing Disclosure Certificate (Appendix C to the POS):** Establishes the District's continuing disclosure obligations following issuance, which includes annual reporting of financial information and notification of certain enumerated events should they occur.
- **Notice of Sale:** Establishes the procedures for the competitive sale of the Bonds, which is the date and time when all prospective bond underwriting firms can provide a bid and the criteria pursuant to which the winning bidder will be selected (i.e., lowest true interest cost proposal that meets all of the District's financing needs). See Attachment 5.

If approved tonight, District staff will work with the financing team to release the Preliminary Official Statement and Notice of Sale to prospective bond underwriters and investors on November 18, hold the competitive sale on or about December 2 (subject to market conditions) and close the financing approximately two weeks later. At that time, funds would be available to the District to pay for the capital improvement projects.

Fiscal Impact

Debt service on the Bonds will be payable from installment payments made by the District from Net Revenues of the System. The financing documents require the District to maintain rates and charges sufficient to satisfy the rate covenant (Net Revenues at least equal to 120% of annual debt service on the Bonds and parity obligations). NHA Advisors, the District's Municipal Advisor, has provided financing estimates in Appendix A.

RECOMMENDATION:

Staff recommends that the District Board, sitting as the governing body of the Authority, adopt the Authority Resolution 26-01 (Attachment 1). These actions will authorize District staff and its financing team to proceed with the competitive sale of the 2026 Bonds, subject to the parameters and delegated authority in the Resolution.

ATTACHMENTS:

1. Authority Resolution 26-01
2. Installment Sale Agreement
3. Indenture of Trust
4. Preliminary Official Statement, including the Continuing Disclosure Certificate
5. Official Notice of Sale

APPENDIX A

REQUIRED DISCLOSURES PURSUANT TO GOVERNMENT CODE SECTION 5852.1

In accordance with Government Code 5852.1, the following information consists of "good faith estimates" for the Bonds that have been provided by NHA Advisors, LLC, the District's Municipal Advisor, as of October 26, 2026:

True Interest Cost ("TIC"): Estimated true interest cost of the Bonds.	**3.91%**
Finance Charge: Estimated finance charge, meaning the sum of all fees and charges paid to third parties.	**$295,434**
Net Proceeds: Estimated proceeds of the Bonds expected to be received by the public body, net of finance charges and any reserves or capitalized interest funded from the proceeds.	**$15,000,000**
Total Payment Amount: Estimated total payment amount (sum total of all debt service payments on the Bonds plus the finance charge not paid with proceeds of the Bonds) calculated to the final maturity of the Bonds.	**$20,390,307**

NORTH MARIN WATER DISTRICT FINANCING AUTHORITY

RESOLUTION NO. 26-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH MARIN WATER DISTRICT FINANCING AUTHORITY AUTHORIZING AN INSTALLMENT SALE FINANCING AND ISSUANCE OF WATER REVENUE BONDS TO FINANCE CAPITAL IMPROVEMENT PROJECTS, AND DOCUMENTS AND OFFICIAL ACTIONS RELATED THERETO

WHEREAS, the North Marin Water District (the "District") owns and operates wastewater, recycled water, potable water collection, transmission, treatment, storage and/or disposal facilities (as further defined herein, collectively, the "System") and the District wishes at this time to finance improvements to the System, consisting of water infrastructure improvements and other capital projects (the "Project"); and

WHEREAS, the District and the California Statewide Communities Development Authority have entered into a Joint Exercise of Powers Agreement, dated as of November 1, 2026, establishing the North Marin Water District Financing Authority (the "Authority") for the purpose, among others, of having the Authority issue its bonds to finance the acquisition, construction and improvement of public capital improvements like the Project; and

WHEREAS, for the purpose of raising funds necessary to finance the Project, the Authority proposes to issue revenue bonds under the provisions of Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Bond Law"), designated as the North Marin Water District Financing Authority 2026 Water Revenue Bonds (the "Bonds"); and

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

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

WHEREAS, pursuant to Government Code Section 5852.1, certain information relating to the proposed financing is set forth in the staff report accompanying this Resolution, and such information is hereby disclosed and made public; and

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

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the North Marin Water District Financing Authority as follows:

1. Issuance of Bonds. The Board hereby authorizes the issuance of the Bonds under the Bond Law for the purpose of providing funds to finance the acquisition, construction and installation of the Project.

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

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

- Installment Sale Agreement, between the Authority and the District, under which the Authority agrees to provide financing for the Project and to sell the completed Project to the District in consideration of the payment by the District of semiannual installment payments which are sufficient to provide revenues with which to pay principal of, and interest on, the Bonds when due, which installment payments will be secured by and payable from the net revenues generated by the System, as described more fully therein.

3. Sale of Bonds. The Board hereby authorizes the sale of the Bonds via a competitive sale and as to be provided in the Official Notice of Sale for the Bonds, a copy of which is on file with the Board and hereby approved; provided, the aggregate principal amount of the Bonds shall not exceed $16,000,000 and the true interest cost of the Bonds shall not exceed 5.00%. Subject to the foregoing, an Authorized Officer is authorized and directed to award the purchase of the Bonds to the winning bidder pursuant to the competitive sale in accordance with the terms and conditions of the Official Notice of Sale. An Authorized Officer is hereby authorized and directed for and in the name and on behalf of the Authority to publish the final form of the Official Notice of Sale.

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

5. Official Actions. The Chair, Vice Chair, Executive Director, Secretary, and Treasurer and all other officers of the Authority are each authorized and directed in the name and on behalf of the Authority to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions

contemplated by the agreements and documents approved under this Resolution. Whenever in this Resolution any officer of the Authority is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of any person serving in such role in an interim capacity or by any officer or person designated by such officer to act on his or her behalf.

6. Effective Date. This Resolution shall take effect immediately upon its passage and adoption.

* * * * * * * * * *

The foregoing Resolution was duly and regularly introduced, passed, and adopted by the Board of Directors of the North Marin Water District Financing Authority at a regular meeting thereof held on the 17TH day of November, 2026 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

_____
Chair

ATTEST:

_____
Secretary

Jones Hall Draft 11.13.26

INSTALLMENT SALE AGREEMENT

Dated as of _____ 1, 2026

between the

NORTH MARIN WATER DISTRICT FINANCING AUTHORITY,
as Seller

and the

NORTH MARIN WATER DISTRICT,
as Purchaser

Relating to

$_____
North Marin Water District Financing Authority
2026 Water Revenue Bonds

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INSTALLMENT SALE AGREEMENT

This INSTALLMENT SALE AGREEMENT (this "Agreement"), dated as of _____ 1, 2026, is between the NORTH MARIN WATER DISTRICT FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), as seller, and the NORTH MARIN WATER DISTRICT, a county water district duly organized and existing under the County Water District Law of the State of California (the "District"), as purchaser.

B A C K G R O U N D :

1. The District owns and operates wastewater, recycled water, potable water collection, transmission, treatment, storage and/or disposal facilities (as further defined herein, collectively, the "System") and the District wishes at this time to finance improvements to the System, consisting of water infrastructure improvements and other capital projects (the "2026 Project").

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

3. In order to provide funds to finance the acquisition, construction and installation of the 2026 Project, the Authority has proposed to sell the 2026 Project to the District on an installment basis, and the District has proposed to purchase the 2026 Project from the Authority as provided in this Agreement.

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

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

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

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

A G R E E M E N T :

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

ARTICLE I

DEFINITIONS; RULES OF INTERPRETATION

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

SECTION 1.2. Interpretation.

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

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

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

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

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

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

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

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

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

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

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

(g) Encumbrances. There are no easements, encumbrances or interests with respect to the System or the 2026 Project that prohibit or materially impair the execution, delivery and performance of this Installment Sale Agreement or the acquisition or use of the 2026 Project or the facilities or operations of the System.

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

(a) Due Organization and Existence. The Authority is a joint exercise of powers authority organized and existing under the laws of the State of California,

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

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

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

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

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

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

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

(g) Encumbrances. To the best knowledge of the Authority, there are no easements, encumbrances or interests with respect to the System or the 2026 Project that prohibit or materially impair the execution, delivery and performance of this Installment Sale Agreement or the acquisition or use of the 2026 Project or the facilities or operations of the System.

ARTICLE III

ISSUANCE OF 2026 BONDS; CONSTRUCTION OF 2026 PROJECT

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

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

SECTION 3.3. Acquisition and Construction of the 2026 Project. The Authority hereby agrees with due diligence to supervise and provide for, or cause to be supervised and provided for, the acquisition, construction and installation of the 2026 Project in accordance with the plans and specifications, purchase orders, construction contracts and other documents relating thereto and approved by the District under all applicable requirements of law. All contracts for, and all work relating to, the acquisition, construction and installation of the 2026 Project are subject to all applicable provisions of law relating to the acquisition and construction of public works by the District. The Authority expects that the 2026 Project will be completed within three years of the date hereof, however the failure of the Authority or the District to complete the 2026 Project within that period does not constitute an Event of Default hereunder or grounds for termination hereof, nor does any such failure result in the diminution, abatement or extinguishment of the obligations of the District hereunder to pay the Installment Payments when due hereunder.

SECTION 3.4. Appointment of District as Agent. The Authority hereby appoints the District as its agent to carry out all phases of the acquisition, construction and installation of the 2026 Project under and in accordance with the provisions hereof. The District hereby accepts such appointment and assumes all rights, liabilities, duties and responsibilities of the Authority regarding the acquisition, construction and installation of the 2026 Project, including insuring the 2026 Project against risk during construction. As agent of the Authority hereunder, the District shall enter into, administer and enforce all purchase orders or other contracts relating to the 2026

Project. Payment of Project Costs shall be made by the District from amounts held by the District in the Project Fund in accordance with the provisions of this Agreement and the provisions of the Indenture.

SECTION 3.5. Plans and Specifications. The District has the right to specify the exact scope, nature and identification of the 2026 Project and the respective components thereof. Before any payment is made for the 2026 Project or any component thereof from amounts on deposit in the Project Fund, the District must prepare detailed plans and specifications relating thereto. The District may from time to time amend any such plans and specifications, and thereby change or modify the description of the 2026 Project or any component thereof.

SECTION 3.6. Certificate of Completion. Upon the completion of the 2026 Project, but in any event not later than 30 days following such completion, an Authorized Officer of the District shall execute and deliver to the Authority and/or the Trustee, if requested to do so, a Written Certificate of the District which (a) states that the construction of the 2026 Project has been substantially completed, (b) identifies the total Project Costs thereof, and (c) identifies the amounts, if any, to be reserved in the Project Fund for payment of future Project Costs.

ARTICLE IV

SALE OF PROJECT; INSTALLMENT PAYMENTS

SECTION 4.1. Sale of 2026 Project. The Authority hereby sells, bargains and conveys the 2026 Project to the District, and the District hereby purchases the 2026 Project from the Authority, upon the terms and conditions set forth in this Agreement.

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

SECTION 4.3. Title. Title to the 2026 Project, and each component thereof, shall be deemed conveyed by the Authority to and vested in the District upon the completion of the acquisition, construction and installation thereof. The Authority and the District will execute, deliver and cause to be recorded any and all documents reasonably required by the District to consummate the foregoing transfer of title.

SECTION 4.4. Installment Payments.

(a) Obligation to Pay. The District hereby agrees to pay to the Authority, as the purchase price of the 2026 Project hereunder, the aggregate principal amount of $_____ together with interest (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof, payable in semiannual installment payments in the respective amounts and on the respective Installment Payment Dates specified in Appendix A hereto.

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

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

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

(c) Rate on Overdue Payments. If the District fails to make any of the payments required in this Section 4.4 and Section 4.7, the payment in default will continue as an obligation of the District until fully paid, and the District agrees to pay the same with interest thereon, from the date of default to the date of payment, at the Overdue Rate.

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

SECTION 4.5. Pledge and Application of Net Revenues.

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

(b) Deposit of Net Revenues; Transfers to Make Payments. The District will hold in trust the Net Revenue, for the purposes and uses set forth herein. The District shall deposit all of the Gross Revenues into its funds maintained for the purpose immediately upon receipt. The District shall apply amounts in so deposited as set forth in this Agreement and any Parity Obligations Documents. Amounts on deposit shall be applied by the District to pay when due the following amounts in the following order of priority:

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

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

(iii) to the Trustee (or other recipient set forth in a Parity Obligations Document) the amount of any deficiency in any reserve fund established for any Parity Obligation (or to pay any reserve insurer any amounts owed in connection with any draw on any reserve fund insurance policy), the notice of which deficiency has been given to the District in accordance with the Indenture and the related Parity Obligations Documents, on a pro rata basis; and

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

(c) No Preference or Priority. Payment of the Installment Payments and the principal of and interest on any Parity Obligation shall be made without preference or priority among the Installment Payments and such Parity Obligation. If the amount of Net Revenues on deposit is at any time insufficient (or forecast to be insufficient) to enable the District to pay when due the Installment Payments and the principal of and interest on any Parity Obligation (or payments made in accordance with any reserve account or reserve fund, including to pay any reserve insurer any amounts owed in connection with any draw on any reserve fund insurance policy), such payments shall be made on a pro rata basis.

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

The obligations of the District to pay the Installment Payments from the Net Revenues and to perform and observe the other agreements contained herein are absolute and unconditional and are not subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach by the Authority or the Trustee of any obligation to the District or otherwise with respect to the System, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the District by the Authority or the Trustee. Until all of the Installment Payments, all of the Additional Payments and all other amounts coming due and payable hereunder are fully paid or prepaid, the District (a) will not suspend or discontinue payment of any Installment Payments, Additional Payments or such other amounts, (b) will perform and observe all other agreements contained in this Agreement, and (c) will not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the facilities of the System, failure to complete the acquisition and construction of the 2026 Project by the estimated completion date thereof, sale of the facilities of the System, the taking by eminent domain of title to or temporary use of any component of the System, commercial frustration of purpose, any change in the tax law or other laws of the United States of America or the State of California or any political subdivision of either thereof, or any failure of the Authority or the Trustee to perform and observe any agreement, whether express or

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

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

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

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

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

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

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

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

ARTICLE V

COVENANTS OF THE DISTRICT

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

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

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

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

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

SECTION 5.3. Sale or Eminent Domain.

(a) The District will not sell, lease or otherwise dispose of the facilities of the System or any part thereof essential to the proper operation of the System or to the maintenance of the Net Revenues except as herein expressly permitted. The District will not enter into any lease or agreement which impairs the operation of the System or any part thereof necessary to secure adequate Net Revenues for the payment of the interest on and principal or redemption price, if any, on the Bonds, or which would otherwise impair the rights of the holders of the Bonds with respect to the Net Revenues or the operation of the System. Any real or personal property which has become non-operative or which is not needed for the efficient and proper operation of the

System, or any material or equipment which has worn out, may be sold without the consent of the holders of the Bonds if such sale will not materially adversely impair the Net Revenues available to pay the 2026 Bonds.

(b) If all or any part of the facilities of the System shall be taken by eminent domain proceedings, the Net Proceeds realized by the District therefrom shall be applied by the District (a) to the cost of acquiring or constructing or financing improvements for the System, or (b) to pay debt service on or redeem Bonds or any Parity Obligation in accordance with the Indenture or the applicable Parity Obligations Documents.

SECTION 5.4. Insurance. The District covenants that it shall at all times maintain such insurance with respect to the System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such works or properties.

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

All amounts collected from insurance against accident to or destruction of any portion of the facilities of the System shall be used to repair or rebuild such damaged or destroyed portion thereof, and to the extent not so applied, shall be applied to pay debt service on or redeem Bonds or any Parity Obligation in accordance with the Indenture or the applicable Parity Obligations Documents.

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

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

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

SECTION 5.6. Rates and Charges.

(a) The District shall fix, prescribe, revise and collect rates and charges for the System during each Fiscal Year which are at least sufficient, after making allowances for contingencies and error in the estimates, to produce Gross Revenues which will be sufficient to pay the following amounts:

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

(ii) the Installment Payments and Debt Service on any Parity Obligations;

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

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

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

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

SECTION 5.8. Issuance of Parity Obligations. The District may issue or execute additional bonds, notes, leases, installment sale agreements and other obligations payable from and secured by a pledge of and lien upon some or all of the Net Revenues, on parity with the Installment Payments and the other Parity Obligations, subject to the following specific conditions precedent:

(a) The District is in compliance with all covenants set forth in this Agreement and in the Indenture.

(b) The Net Revenues calculated on Generally Accepted Accounting Principles, as shown by the books of the District for the latest Fiscal Year or any more recent 12-month period selected by the District ending not more than 60 days prior to the adoption of the applicable Parity Obligations Document pursuant to which such Parity Obligation is issued, as shown by the books of the District, plus, at the option of the District, any or all of the items hereinafter in this paragraph designated (i) and (ii), shall at least equal 120% of Maximum Annual Debt Service, with Maximum Annual Debt Service calculated on all bonds and other obligations to be outstanding immediately subsequent to the issuance of such Parity Obligation which have a lien on said Net Revenues. The items any or all of which may be added to such Net Revenues for the purpose of issuing or incurring Parity Obligation hereunder are the following:

(i) An allowance for Net Revenues from any additions to or improvements or extensions with respect to the System to be made with the proceeds of such Parity Obligation, and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of such Fiscal Year or such 12-month period, were not in service, all in an amount equal to 90% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36-month period in which each addition, improvement or extension is respectively to be in operation, all as shown in the written report of an Independent Consultant engaged by the District; and

(ii) An allowance for revenues projected to arise from any increase in the rates and charges which has been approved by the District Board prior to the incurring of such additional indebtedness but which, during all or any part of such Fiscal Year or such 12-month period, was not in effect, in an amount equal to the amount by which the Net Revenues would have been increased if such increase in rates and charges had been in effect during the whole of such Fiscal Year or such 12-month period, all as shown in the written report of an Independent Consultant engaged by the District. For the avoidance of doubt, a charge shall be considered to have been approved by the District Board and may be considered in the calculation of the allowance described in the previous sentence if the water rate and charge is part of a multi-year rate increase that has been approved by the District Board, even if the specific rate and charge will not take effect until a subsequent Fiscal Year.

(c) Notwithstanding the foregoing, any Parity Obligation proposed to be issued for the purpose of refunding any Parity Obligation may be issued without compliance with subsection (b), so long as such refunding results in lower Debt Service in each Fiscal Year after such refunding and the final maturity (or termination) date of the refunding Parity Obligation is no later than the final maturity (or termination) date of the refunded Parity Obligation. For clarity, Parity Obligations may or may not be secured by a debt service reserve fund.

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

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

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

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

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

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

(v) to provide for the issuance of any Parity Obligation pursuant to Section 5.8 hereof.

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

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

SECTION 5.12. Rate Stabilization Fund. The District may establish a rate stabilization fund (the "Rate Stabilization Fund"). From time to time the District may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Net Revenues that are released from the pledge and lien which secures the Installment Payments and any Parity Obligations, as the District may determine.

The District may, but is not required to, apply as Gross Revenues any amounts on deposit in a Rate Stabilization Fund which are transferred to a District revenue fund within 210 days following the end of any Fiscal Year. Amounts so transferred shall constitute Gross Revenues for the applicable Fiscal Year (except to the extent of amounts transferred into the Rate Stabilization Fund from Gross Revenues received by the District in such Fiscal Year, so as to avoid double-counting). Amounts on deposit in a Rate Stabilization Fund shall not be pledged to or otherwise secure the Installment Payments or any Parity Obligations. The District has the right at any time to withdraw any or all amounts on deposit in a Rate Stabilization Fund and apply such amounts for any lawful purposes of the District.

SECTION 5.13. Tax Covenants. The District shall comply in all respects with the tax covenants of the Authority set forth in the Indenture as if such covenants are given by the District. The District shall take no action which in the opinion of Bond Counsel would impair the tax exempt status of the Bonds.

ARTICLE VI

EVENTS OF DEFAULT

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

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

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

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

(d) The filing by the District of a voluntary petition in bankruptcy, or failure by the District promptly to lift any execution, garnishment or attachment, or adjudication of the District as a bankrupt, or assignment by the District for the benefit of creditors, or the entry by the District into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the District in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

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

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

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

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

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

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

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

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

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

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

ARTICLE VII

PREPAYMENT OF INSTALLMENT PAYMENTS

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

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

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

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

SECTION 7.2. Optional Prepayment Relating to the 2026 Bonds. The District may exercise its option to prepay the principal components of the Installment Payments relating to the 2026 Bonds in whole or in part on any date on or after December 1, _____. The District may exercise such option by payment of a prepayment price equal to the sum of (a) the aggregate principal components of the Installment Payments relating to the 2026 Bonds to be prepaid, (b) the interest component of the Installment Payment relating to the 2026 Bonds required to be paid on or accrued to such date, and (c) the premium (if any) then required to be paid upon the corresponding redemption of the 2026 Bonds under Section 4.01(a) of the Indenture. The Trustee shall deposit the prepayment price in the Redemption Fund to be applied to the redemption of 2026 Bonds under Section 4.01(a) of the Indenture. If the District prepays the Installment Payments in part but not in whole, the principal components will be prepaid among such maturities and in such integral multiples of $5,000 as the District designates in written notice to the Trustee.

SECTION 7.3. Redemption From Proceeds of Insurance or Condemnation. The District shall prepay the Installment Payments on any date, in whole, or in part among maturities on a pro rata basis in any integral multiple of $5,000, from and to the extent of any proceeds of

hazard insurance or condemnation awards with respect to the facilities of the System theretofore paid to the Trustee for such purpose under Sections 5.3 or 5.4. The District and the Authority hereby agree that such proceeds, to the extent remaining after payment of any delinquent Installment Payments, will be deposited in the Redemption Fund and credited towards the District's obligations under this Section 7.3.

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

ARTICLE VIII

MISCELLANEOUS

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

SECTION 8.2. Notices. All notices or communications to be given under this Agreement shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, confirmed by telephone, (b) 48 hours after deposit in the United States mail, postage prepaid, to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority, the District or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the District or the Authority:	North Marin Water District P.O. Box 146 Novato, California 94948 Attention: General Manager
If to the Trustee:	U.S. Bank Trust Company, National Association 633 W. Fifth Street, Floor 24 Los Angeles, California 90071 Attention: Global Corporate Trust

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

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

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

SECTION 8.6. Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, are solely for convenience of reference and do not affect the meaning, construction or effect of this Agreement. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender mean and include words of the feminine and neuter genders.

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

SECTION 8.8. Execution of Counterparts. This Agreement may be executed in any number of counterparts, each of which will for all purposes be deemed to be an original and all of which together constitute but one and the same instrument.

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

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

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

NORTH MARIN WATER DISTRICT FINANCING AUTHORITY, *as Seller*

By: _____
Ken EichstaedtChair

NORTH MARIN WATER DISTRICT, *as Purchaser*

By: _____
Ken EichstaedtBoard President

APPENDIX A

SCHEDULE OF INSTALLMENT PAYMENTS

Interest Payment Date[1]	Principal Component	Interest Component	Total Payment
TOTALS			

(1) Installment Payment Dates are the fifth (5th) Business Day immediately preceding each Interest Payment Date shown in the table.

APPENDIX B

DESCRIPTION OF 2026 Project

The 2026 Project will consist of the following improvements, and any other improvements approved by the District Board:

[insert brief description of the project]

INDENTURE OF TRUST

Dated as of _____ 1, 2026

between the

NORTH MARIN WATER DISTRICT FINANCING AUTHORITY

and

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

Authorizing the Issuance of

$_____
North Marin Water District Financing Authority
2026 Water Revenue Bonds

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APPENDIX A FORM OF 2026 BOND
APPENDIX B FORM OF COST OF ISSUANCE REQUISITION

INDENTURE OF TRUST

This INDENTURE OF TRUST (this "Indenture"), dated as of _____ 1, 2026, is between the NORTH MARIN WATER DISTRICT FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the "Authority"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, with a corporate trust office in San Francisco, California, being qualified to accept and administer the trusts hereby created (the "Trustee").

B A C K G R O U N D :

1. The North Marin Water District (the "District") owns and operates wastewater, recycled water, potable water collection, transmission, treatment, storage and/or disposal facilities (as further defined herein, collectively, the "System"), and the District desires to finance various improvements to the System of the District as described in Appendix B to the hereinafter defined Installment Sale Agreement (the "2026 Project").

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

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

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

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

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

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

8. The Authority has found and determines, and hereby affirms, that all acts and proceedings required by law necessary to make the Bonds (including the 2026 Bonds), when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Authority, and to constitute this Indenture a valid and

binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture have been in all respects duly authorized.

A G R E E M E N T :

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

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

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

"Accreted Value" means, with respect to any capital appreciation obligation, the principal amount thereof plus the interest accrued thereon, compounded at the approximate interest rate thereon on each date specified therein. The Accreted Value of any capital appreciation obligation at any date shall be the amounts set forth in the accreted value table for the capital appreciation obligation as of such date, if such date is a compounding date, and if not, as of the immediately preceding compounding date.

"Additional Bonds" means all bonds ranking on a parity with the 2026 Bonds originally issued hereunder, issued in accordance with Section 3.07.

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

"Agreement" shall mean that certain Joint Exercise of Powers Agreement, dated as of _____, 2026, by and between the District and the California Statewide Communities Development Authority, creating the Authority, together with any amendments thereof and supplements thereto.

"Authority" means the North Marin Water District Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California and the Agreement.

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

(a) Federal Securities;

(b) (i) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: Export-Import Bank, Farm Credit System Financial Assistance Corporation, Rural Economic Community Development Administration (formerly Farmers Home Administration), General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, U.S. Department of Housing & Urban Development, Federal Housing Administration and Federal Financing Bank. and (ii) direct obligations for any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: senior debt obligations rated "Aaa" by Moody's and "AAA" by S&P issued by Fannie Mae or Federal Home Loan Mortgage Corporation (FHLMC); obligations of the Resolution Funding Corporation (REFCORP); senior debt obligations of the Federal Home Loan Bank System; and senior debt obligations of other Government Sponsored Agencies;

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

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

(e) money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAm or AAm, which funds may include funds for which the Trustee, its affiliates, parent or subsidiaries provide investment advisory or other management services;

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

(g) obligations the interest on which is excludable from gross income pursuant to Section 103 of the Tax Code and which are either (a) rated A or better by S&P, or (b) fully secured as to the payment of principal and interest by Authorized Investments described in clauses (a) or (b);

(h) obligations issued by any corporation organized and operating within the United States of America having assets in excess of $500,000,000, which obligations are rated A or better by S&P;

(i) bonds or notes issued by any state or municipality which are rated A or better by S&P;

(j) any investment agreement with, or guaranteed by, a financial institution the long-term unsecured obligations or the claims paying ability of which are rated A or better by S&P at the time of initial investment, by the terms of which all amounts invested thereunder are required to be withdrawn and paid to the Trustee in the event either of such ratings at any time falls below A;

(k) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the California Government Code which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State of California, provided the Trustee has access to, and control over withdrawals from and deposits to, such trust; and

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

"Authorized Officer" means: (a) with respect to the Authority, its Executive Director, Treasurer or any other person designated as an Authorized Officer of the Authority by a Written Certificate of the Authority signed by its Executive Director or Treasurer and filed with the District and the Trustee; and (b) with respect to the District, its General Manager, the Assistant General Manager/Director of Engineering or the Director of Administrative Services, or any other person designated as an Authorized Officer of the District by a Written Certificate of the District signed by such official and filed with the Authority and the Trustee.

"Balloon Indebtedness" means, with respect to any Parity Obligations twenty-five percent (25%) or more of the principal or other similar amount of which matures or becomes due on the same date or within a 12-month period (with mandatory sinking fund payments deemed to be payments of matured principal), that portion of the principal or other similar amount of such Parity Obligations which matures or becomes due on such date or within such 12-month period.

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

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

"Bond Law" means the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code.

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

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

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

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

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

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

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

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

"Debt Service" means, for any period, as and to the extent the Net Revenues of the System are payable with respect thereto, the sum of (1) the interest payable during such period on the Parity Obligations, (2) the principal or mandatory sinking fund payments to be paid with respect to the Parity Obligations during such period, and (3) any other scheduled payments coming due on the Parity Obligations in such period and not otherwise included in clauses (1) and (2) of this definition, all of which are to be computed on the assumption that no portion of the Parity Obligations shall cease to be outstanding during such period except by reason of the application of scheduled payments; provided that, for purposes of such computation:

(a) unless a different subsection of this definition applies for purposes of determining maturities or amortization, in determining the amount due in any period, payment shall be assumed to be made in accordance with any amortization schedule established for the Parity Obligations, including any mandatory sinking fund payments or any scheduled redemption or payment of Parity Obligations on the basis of Accreted Value, and for such purpose, the redemption payment or payment of Accreted Value shall be deemed a principal payment and interest that is compounded and paid as Accreted Value shall be deemed due on the scheduled

redemption or payment date and any contingencies that may result in a request for earlier payment shall be disregarded;

(b) Balloon Indebtedness may, at the option of the District, be treated as if it were to be amortized with substantially level debt service over a term of up to 25 years (which period shall be designated by the District), from the date of calculation, and the interest rate used for such computation shall be assumed by the District to be equal to (i) the interest rate in effect for such Balloon Indebtedness on the date of calculation, if the interest rate determination method in effect for such Balloon Indebtedness on the date of calculation provides for interest rates that are fixed for at least 12 months from the date such interest rates are determined or (ii) if the interest rate determination method in effect for such Balloon Indebtedness on the date of calculation provides for interest rates that are not fixed for at least 12 months from the date such interest rates are determined, the rate of interest used to calculate Debt Service shall be determined as described in clause (c);

(c) if any Parity Obligations bear, or if any Parity Obligations proposed to be issued, incurred or created will bear, interest at a variable interest rate, the rate of interest used to calculate Debt Service shall, for all purposes, be assumed to bear interest at a fixed rate equal to the higher of (i) the then current variable interest rate borne by such Parity Obligations plus 1%; and (ii) the highest variable rate borne over the preceding 24 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 comparable to that to be utilized in determining the interest rate for the debt then proposed to be issued;

(d) if any Parity Obligations feature an option, on the part of the owners or a requirement under the terms of such Parity Obligations, to tender all or a portion of such Parity Obligations to the District, or other fiduciary or agent, and to purchase such Parity Obligations or portion thereof if properly presented, then for purposes of determining the amounts due in any period with respect to such Parity Obligations, the options or obligations of the owners of such Parity Obligations to tender the same for purchase or payment shall be ignored;

(e) payments on the Parity Obligations shall be excluded to the extent such payments are to be paid from amounts on deposit with a trustee or other fiduciary in escrow specifically therefor, and interest payments shall be excluded to the extent that such interest payments are (1) to be paid from the proceeds of the Parity Obligations, including any investment earnings thereon, held by a trustee or other fiduciary as capitalized interest specifically to pay such interest or (2) paid or expected to be paid from Subsidy Payments;

(f) with respect to Parity Obligations for which a reserve fund is in place, the calculation of Debt Service for such Parity Obligations for any period shall be reduced by the amount of investment earnings on amounts on deposit in such reserve fund used or expected to be used to pay Debt Service on such Parity Obligations during such period, as estimated by the District; and

(g) with respect to Parity Obligations for which a reserve fund is in place, the amount on deposit in such reserve fund on any date of calculation of Debt Service shall be deducted from the amount due on the final maturity or due date of such Parity Obligations if such amount on deposit in such reserve fund would be released at such maturity or due date and, to the extent the amount on deposit in such reserve fund is in excess of the amount due on the final maturity or due date of such Parity Obligations, such excess shall be applied to the full amount due on

each preceding payment date for such Parity Obligations, in inverse order, until such amount on deposit in such reserve fund is exhausted.

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

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

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

"District" means the North Marin Water District, a county water district organized and existing under and by virtue of the laws of the State of California.

"District Board" means the Board of Directors of the District.

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

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

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

"Federal Securities" means, with respect to the Bonds: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; or (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America; specifically:

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

"Fiscal Year" means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive.

"Generally Accepted Accounting Principles" means the generally accepted accounting principles as presented and recommended by the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

"Gross Revenues" means, for any period, all gross income and revenue received or receivable by the District from the ownership or operation of the System, determined in

accordance with Generally Accepted Accounting Principles, including all rates, fees and charges (including connection fees and charges) as received by the District for the services of the System, property taxes, and all other income and revenue howsoever derived by the District from the ownership or operation of the System or arising from the System, including all income from the deposit or investment of any money in any rate stabilization fund of the District or held on the District's behalf, and any refundable deposits made to establish credit, and advances or contributions in aid of construction.

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

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

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

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

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

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

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

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

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

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

"Installment Payment Date" means, with respect to any Interest Payment Date, the 5th Business Day immediately preceding such Interest Payment Date.

"Installment Payments" means all payments required to be paid by the District on any date under Section 4.4 of the Installment Sale Agreement, including any amounts payable upon delinquent installments and including any prepayment thereof under Section 7.2 or 7.3 of the Installment Sale Agreement, but does not include Additional Payments.

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

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

"Interest Payment Dates" means (a) with respect to the 2026 Bonds, each June 1 and December 1, commencing _____ 1, 2027, so long as any 2026 Bonds remain unpaid, and (b) with respect to any Additional Bonds, the dates specified in the applicable Supplemental Indenture.

"Maintenance and Operation Costs" means the reasonable and necessary costs and expenses paid or incurred by the District for maintaining and operating the System, determined in accordance with Generally Accepted Accounting Principles, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the System in good repair and working order, and including all reasonable and necessary administrative costs of the District that are charged directly or apportioned to the operation of the System, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits, licenses and charges to operate the System and insurance premiums; but excluding, in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles.

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

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

"Net Proceeds" means net proceeds received by the District from hazard insurance, sale or condemnation of any part of the System.

"Net Revenues" means for any period, all of the Gross Revenues during such period less all of the Maintenance and Operation Costs during such period.

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

"Original Purchaser" means, in the case of the 2026 Bonds, _____.

"Outstanding," when used as of any particular time with reference to Bonds, means, subject to the last paragraph of Section 10.01 of the Indenture, all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.01, including Bonds (or portions thereof) described in Section 11.09; and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee under this Indenture.

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

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

"Parity Obligations" means, collectively, (a) the Funding Agreement between California Department of Water Resources and North Marin Water District (Contract No. SRF01CX124), dated April 13, 2004; (b) the State Water Resources Control Board Agreement, executed July 2006 (Agreement #05-808-550-0); (c) State Water Resources Control Board Agreements (Agreement Numbers: Project Finance Agreement 11-816-550 (2011), and related agreement numbers 11-811-550-2, 11-820-550-2, 11-814-550, 11-841-550-1, 11-842-550-1, 11-843-550), as amended; (d) the Installment Sale Agreement between California Department of Water Resources and North Marin Water District, dated April 12,2016, as amended, (e) the Loan Agreement between the District and JPMorgan Chase Bank, N.A., dated March 22, 2018, (f) the Loan Agreement between the District and Webster Bank, dated May 31, 2022; and (g) the Installment Sale Agreement and any other bonds, notes, leases, installment sale agreements or other obligations of the District payable from and secured by a pledge of and lien upon some or all of the Net Revenues on a parity with the Installment Payments.

"Parity Obligations Documents" means, collectively, the indenture of trust, trust agreement, installment sale agreement, loan agreement or other document authorizing the issuance of any Parity Obligations or any securities which evidence Parity Obligations.

"Participating Underwriter" means any original underwriter of the Bonds required to comply with rules of the Municipal Securities Rulemaking Board in connection with offering of the Bonds.

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

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

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

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

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

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

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

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

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

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

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

"Rate Stabilization Fund" means the fund by that name established and held by the District as described in the Installment Sale Agreement.

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

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

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

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

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

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

"Subsidy Payments" means payments with respect to Parity Obligations made by the United States Treasury to the District or a trustee or fiduciary pursuant to Section 54AA of the Tax Code, Section 6431 of the Tax Code, or Section 1400U-2 of the Tax Code or any successor to or extension or replacement of any of such provisions of the Tax Code, or any provisions of the Tax Code that create similar direct-pay subsidy programs.

"Supplemental Agreement" means any supplement to the Installment Sale Agreement hereafter duly authorized and entered into between the Authority and the District, supplementing, modifying or amending Installment Sale Agreement; but only if and to the extent that such Supplemental Agreement is specifically authorized thereunder.

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

"System" means all wastewater, water recycling, and/or potable water collection, transport, treatment, storage and/or disposal facilities, including land and easements thereof, owned by the District, including the 2026 Project, and all other properties, structures or works hereafter acquired and constructed by the District and determined to be a part of the System, together with all additions, betterments, extensions or improvements to such facilities, properties, structures or works or any part thereof hereafter acquired and constructed.

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

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

"Term Bonds" [[[add if applicable]]]

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

"2026 Bonds" means the North Marin Water District Financing Authority 2026 Water Revenue Bonds in the original principal amount of $_____.

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

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

"Written Certificate," "Written Request" and "Written Requisition" of the Authority or the District mean, respectively, a written certificate, request or requisition signed in the name of the Authority or the District by its Authorized Officer. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other

instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

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

SECTION 1.03. Interpretation.

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

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

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

ARTICLE II

THE 2026 BONDS

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

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

SECTION 2.02. Terms of the 2026 Bonds.

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

Maturity (December 1)	Principal Amount	Interest Rate

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

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

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

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

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

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

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

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

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

evidence that such Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

SECTION 2.04. Transfer and Exchange of Bonds.

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

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

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

SECTION 2.05. Book-Entry System.

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

With respect to Bonds the ownership of which shall be registered in the name of the Nominee, the Authority and the Trustee has no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Nominee holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, the Authority and the Trustee has no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bond Owner as shown in the Bond Registration Books, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed if the Authority elects to redeem the Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Bond Owner as shown in the Bond Registration Books, of any amount with respect to principal, premium, if any, or interest on the Bonds or (v) any consent given or other action taken by the Depository as Owner of the Bonds. The Authority and the Trustee may treat and consider the person in whose name

each Bond is registered as the absolute owner of such Bond for the purpose of payment of principal of and premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers of ownership of such Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and the interest and premium, if any, on the Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner shall receive a Bond evidencing the obligation of the Authority to make payments of principal, interest and premium, if any, under this Indenture. Upon delivery by the Depository to the Authority of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the Authority shall promptly deliver a copy of the same to the Trustee.

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

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

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

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

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

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

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

ARTICLE III

ISSUANCE OF 2026 BONDS; APPLICATION OF PROCEEDS

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

SECTION 3.02. Application of Proceeds of Sale of the 2026 Bonds. Upon the receipt of payment for the 2026 Bonds on the Closing Date, the Trustee shall receive the net proceeds of sale thereof, being $_____, comprised of the purchase price of $_____, being the principal amount of the Bonds ($_____), [plus an original issue premium of $_____,] less an Underwriter's discount of $_____, which the Trustee shall apply as follows:

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

(b) The Trustee shall transfer the amount of $_____, constituting the remainder of such proceeds, to the District for deposit into the Project Fund.

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

SECTION 3.03. Establishment and Application of Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund" into which the Trustee shall deposit a portion of the proceeds of sale of the 2026 Bonds under Section 3.02(a). The Trustee shall disburse amounts in the Costs of Issuance Fund from time to time to pay the Costs of Issuance upon submission of a Written Requisition of the Authority, substantially in the form attached hereto as Appendix B, stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. The Trustee may conclusively rely on such Written Requisitions and shall be fully protected in relying thereon. On February 15, 2027, or upon the earlier Written Request of the Authority, the Trustee shall transfer all amounts remaining in the Costs of Issuance Fund to the District for deposit into the Project Fund, and shall thereupon close the Costs of Issuance Fund.

SECTION 3.04. Project Fund. The District will establish and maintain a separate fund to be known as the "Project Fund" into which the District shall deposit a portion of the proceeds of sale of the 2026 Bonds under Section 3.02(b). Except as otherwise provided herein, moneys in the Project Fund will be used solely for the payment of the Project Costs. The District will disburse moneys in the Project Fund from time to time to pay Project Costs (or to reimburse the District for payment of Project Costs) and maintain accurate records showing all disbursements from the Project Fund, including the name of the person to whom payment is to be made and the amount and purpose of the payment, or an invoice or statement evidencing each payment made.

Upon determination by the District that the 2026 Project has been completed, any moneys remaining in the Project Fund other than amounts estimated by the District to be required to pay future Project Costs shall be applied to and used for the next due debt service on the Bonds.

SECTION 3.05. [Reserved].

SECTION 3.06. Validity of 2026 Bonds. The recital contained in the 2026 Bonds that the same are issued under the Constitution and laws of the State of California shall be conclusive evidence of their validity and of compliance with the provisions of law in their issuance.

SECTION 3.07. Additional Bonds.

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

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

(b) The Installment Sale Agreement shall have been supplemented or amended, if necessary, to (i) increase or adjust the Installment Payments due and payable on each Installment Payment Date to an amount sufficient to pay the principal, premium (if any) and interest payable with respect to all Outstanding Bonds, including all Additional Bonds as and when, if any, the same mature or become due and payable (except to the extent such principal, premium and interest may be payable out of moneys then on deposit with the Trustee in accordance with this Indenture), and (ii) make such other revisions to the Installment Sale Agreement as are necessitated by the issuance of such Additional Bonds (provided, however, that such other revisions shall not prejudice the rights of the Owners of Outstanding Bonds as granted them under the terms of this Indenture);

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

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

(C) Whenever the Authority shall have determined to issue Additional Bonds pursuant to this Section 3.07, the Authority shall adopt a Supplemental Indenture determining that the issuance of such Additional Bonds is necessary for the purposes specified herein, specifying the principal amount of such Additional Bonds and prescribing the terms and conditions of such Additional Bonds and the funds to be established for the security and payment thereof. Before such Additional Bonds shall be issued and delivered, the Authority shall file with the Trustee a Written Certificate of the Authority certifying that the requirements set forth in Section 3.07 have been either met or provided for, together with a copy of the amendment to the Installment Sale Agreement required hereby. Additional Bonds may or may not be secured by a debt service reserve fund.

(D) Nothing contained in this Section 3.07 shall restrict the ability of the District to issue Parity Obligations pursuant to the Installment Sale Agreement that do not secure Additional Bonds issued pursuant to this Section 3.07 or other Parity Obligations in accordance with the terms and conditions thereof.

ARTICLE IV

REDEMPTION OF BONDS

SECTION 4.01. Terms of Redemption.

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

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

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

(c) Mandatory Sinking Fund Redemption.

[add if term bonds applicable]

SECTION 4.02. Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds of a single maturity of the same issue, the Trustee shall select the Bonds of that maturity to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, the Trustee shall treat each Bond as consisting of separate $5,000 portions and each such portion shall be subject to redemption as if such portion were a separate Bond.

SECTION 4.03. Notice of Redemption. The Trustee shall mail notice of redemption of the Bonds by first class mail, postage prepaid, not less than 20 nor more than 60 days before any redemption date, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Bond Registration Books and to one or more Securities Depositories and to the Information Services. Each notice of redemption shall state the date of the notice, the redemption date, the place or places of redemption, whether less than all of the Bonds (or all Bonds of a single maturity) are to be redeemed, the CUSIP numbers and (in the event that not all Bonds within a maturity are called for redemption) Bond numbers of the Bonds to be redeemed and the maturity or maturities of the Bonds to be redeemed, and in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the redemption date there will become due and payable

on each of said Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered. Each notice relating to a redemption pursuant to Section 4.01(a) or Section 4.01(b) shall further state that such redemption may be rescinded by the Authority on or prior to the date set for redemption. Neither the failure to receive any notice nor any defect therein shall affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

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

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

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

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

ARTICLE V

REVENUES; FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

SECTION 5.01. Security for the Bonds; Bond Fund.

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

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

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

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

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

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

(c) *Deposit to Reserve Fund(s)*. The Trustee shall deposit into any reserve fund(s) established for Parity Obligations, amount(s) which are needed to replenish the amounts therein to the applicable reserve requirement therefor or pay amounts due to any insurer with respect to any reserve fund insurance policy deposited therein (if applicable).

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

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

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

SECTION 5.06. Investments. All moneys in any of the funds or accounts established with the Trustee under this Indenture shall be invested by the Trustee solely in Authorized Investments. Such investments shall be directed by the Authority under a Written Request of the Authority filed with the Trustee at least 2 Business Days in advance of the making of such investments; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a written direction from the Authority specifying a specific money market fund and, if no such written direction from the Authority is so received, the Trustee shall hold such moneys uninvested. In the

absence of any such directions from the Authority, the Trustee shall invest any such moneys in Authorized Investments described in clause (e) of the definition thereof. Authorized Investments purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. To the extent Authorized Investments are registrable, such Authorized Investments must be registered in the name of the Trustee.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in the Bond Fund, provided that interest earnings on amounts on deposit in the Project Fund shall be retained therein unless the Authority otherwise directs in writing. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder. The Trustee or any of its affiliates may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made under this Section.

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

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

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 written request of the Authority to the Trustee.

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

SECTION 5.07. Valuation and Disposition of Investments.

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

(b) Except as provided in the preceding subsection (a), for the purpose of determining the amount in any fund or account established hereunder, the value of Authorized Investments credited to such fund shall be valued by the Trustee at least annually on or before December 1. The Trustee may sell or present for redemption, any Authorized Investment so purchased by the

Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Authorized Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from any such Authorized Investment.

(c) For purposes of this Section, the term "Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, or (iii) the investment is a United States Treasury Security -- State and Local Government Series which is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

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

ARTICLE VI

COVENANTS OF THE AUTHORITY

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

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

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

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

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

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

SECTION 6.07. Tax Covenants.

(a) Private Business Use Limitation. The Authority shall assure that the proceeds of the 2026 Bonds are not used in a manner which would cause the 2026 Bonds to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

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

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

(d) Maintenance of Tax Exemption. The Authority shall take all actions necessary to assure the exclusion of interest on the 2026 Bonds from the gross income of the Owners of the 2026 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

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

SECTION 6.08. Enforcement of Installment Sale Agreement. The Trustee shall promptly collect all amounts (to the extent any such amounts are available for collection) due from the District under the Installment Sale Agreement. Subject to the provisions of Article VIII, the Trustee shall enforce, and take all steps, actions and proceedings which the Trustee determines to be reasonably necessary for the enforcement of all of its rights thereunder as assignee of the Authority and for the enforcement of all of the obligations of the District under the Installment Sale Agreement. The Trustee has no duty to monitor the compliance by the Authority with any of the covenants contained in this Section.

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

SECTION 6.10. Further Assurances. The Authority will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better

assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Indenture.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

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

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

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

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

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

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

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

The foregoing provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, the Authority shall pay to or shall deposit with the Trustee a sum sufficient to pay all principal of the Bonds maturing prior to such declaration and all matured installments of interest (if any) upon all the Bonds, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee, or provision deemed by the Trustee to be adequate shall

have been made therefor, then, and in every such case, the Trustee, on behalf of the Owners of all of the Bonds, shall rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon; provided, however, that no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, or shall impair or exhaust any right or power consequent thereon.

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

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

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

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

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

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

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

the benefit and protection of all the Owners of such Bonds, subject to the provisions of this Indenture.

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

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Bonds, this Indenture, the Installment Sale Agreement or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

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

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

SECTION 7.08. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative

and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

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

ARTICLE VIII

THE TRUSTEE

SECTION 8.01. Appointment of Trustee. U.S. Bank Trust Company, National Association is hereby appointed Trustee by the Authority for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture. The Authority will maintain a Trustee which is qualified under the provisions of the foregoing provisions of this Article VIII so long as any Bonds are Outstanding.

SECTION 8.02. Acceptance of Trusts; Removal and Resignation of Trustee. The Trustee hereby accepts the express trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Indenture and no implied duties or covenants shall be read into this Indenture against the Trustee.

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

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

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

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

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

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

SECTION 8.04. Liability of Trustee.

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

it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

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

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

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

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

(f) No provision of this Indenture requires the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

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

(h) The Trustee has no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of the Bond Owners under this Indenture, unless the such Owners have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities (including but not limited to fees and expenses of its attorneys) which might be incurred by it in compliance with such request or direction. No permissive power, right

or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy.

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

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

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

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

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

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

(o) In no event shall the Trustee be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(p) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means. ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder). The District or the Authority, as the case may be, shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the District or the Authority, as the case may be, whenever a person is to be added or deleted from the listing. If the District or the Authority, as the case may be, elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The District and the Authority, understand and agree that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The District and the Authority, as the case may be, shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the District and the Authority, as the case may be, and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District or the Authority, as the case may be,. The Trustee shall not be 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 directions conflict or are inconsistent with a subsequent written instruction. The District and the Authority agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions 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; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District or the Authority, as the case may be; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(q) All notices, approvals, consents, requests and any communications to the Trustee hereunder must be in writing in English and must be in the form of a document that is signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic signature provider acceptable to the Trustee). Electronic signatures believed by the Trustee to comply with the ESIGN ACT of 2000 or other applicable law shall be deemed original signatures for all purposes. If the parties chooses to use electronic signatures to sign documents delivered to the Trustee, such parties agree to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Trustee acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Trustee may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Trustee in lieu of, or in addition to, any document signed via electronic signature.

SECTION 8.05. Right to Rely on Documents. The Trustee shall be protected and shall incur no liability in acting or refraining from acting in reliance upon any notice, resolution, request,

consent, order, certificate, report, opinion, bonds, requisition, facsimile transmission, electronic mail or other paper or document believed by them to be genuine and to have been signed or presented by the proper party or parties. The Trustee is under no duty to make any investigation or inquiry as to any statements contained or matter referred to in any paper or document but may accept and conclusively rely upon the same as conclusive evidence of the truth and accuracy of any such statement or matter and shall be fully protected in relying thereon. The Trustee may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

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

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

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

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

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

ARTICLE IX

MODIFICATION OR AMENDMENT HEREOF

SECTION 9.01. Amendments Permitted.

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

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

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

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

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

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

(v) to provide for the issuance of Additional Bonds pursuant to Section 3.07 hereof.

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

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

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

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

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

ARTICLE X

DEFEASANCE

SECTION 10.01. Discharge of Indenture. If the Authority shall pay and discharge any or all of the Outstanding Bonds in any one or more of the following ways:

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

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

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

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption has been mailed pursuant to Section 4.03 or provision satisfactory to the Trustee has been made for the mailing of such notice, then, at the election of the Authority, and notwithstanding that any of such Bonds have not been surrendered for payment, the pledge of the Revenues and other funds provided for in this Indenture with respect to such Bonds, and all other pecuniary obligations of the Authority under this Indenture with respect to all such Bonds, shall cease and terminate, except only the obligation of the Authority to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose as aforesaid, and all expenses and costs of the Trustee. Notice of such election shall be filed with the Trustee.

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

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

ARTICLE XI

MISCELLANEOUS

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

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

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

SECTION 11.04. Waiver of Notice; Requirement of Mailed Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. Whenever in this Indenture any notice is required to be given by mail, such requirement may be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

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

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

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

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

If to the District or the Authority:	North Marin Water District P.O. Box 146 Novato, California 94948 Attention: General Manager
If to the Trustee:	U.S. Bank Trust Company, National Association 633 W. Fifth Street, Floor 24 Los Angeles, California 90071 Attention: Global Corporate Trust

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

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

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

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

SECTION 11.09. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are known by the Trustee to be owned or held by or

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

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

SECTION 11.10. Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, premium, if any, or principal due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, *subject, however*, to the provisions of Section 10.02 but without any liability for interest thereon.

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

SECTION 11.12. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the Authority, the District or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Authority, the District or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 11.13. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

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

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

SECTION 11.16. U.S.A Patriot Act. **T**he parties hereto acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is

required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Indenture agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

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

NORTH MARIN WATER DISTRICT FINANCING AUTHORITY

By: _____
Ken Eichstaedt
Board President

ATTEST:

By: _____
Secretary

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

By: _____
Authorized Officer

APPENDIX A

BOND FORM

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

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF MARIN

NORTH MARIN WATER DISTRICT FINANCING AUTHORITY
2026 WATER REVENUE BONDS

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

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ***_____***

The NORTH MARIN WATER DISTRICT FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount specified above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the 15th day of the month preceding such interest payment date, in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before _____ 15, 2027, in which event it shall bear interest from the Original Issue Date specified above; *provided, however*, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Bond, at the Interest Rate per annum specified above, payable semiannually on June 1 and December 1 in each year, commencing _____ 1, 2027 (the "Interest Payment Dates"), calculated on the basis of a 360-day year composed of twelve 30-day months.

Principal hereof and premium, if any, upon early redemption hereof are payable upon presentation and surrender hereof at the corporate trust office of U.S. Bank Trust Company, National Association, in St. Paul, Minnesota (the "Trust Office"), as trustee (the "Trustee"). Interest hereon is payable by check of the Trustee mailed to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books of the Trustee as of the close of business on the fifteenth day of the month preceding each Interest Payment Date (a "Record Date"), or, upon written request filed with the Trustee as of such Record Date by a registered owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account in the United States designated by such registered owner in such written request.

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

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

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

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

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

The Bonds are also subject to redemption as a whole, or in part by lot, on any date, to the extent of any net proceeds of hazard insurance, or condemnation with respect to the facilities of the System or any portion thereof which are not used to repair or replace such facilities pursuant to the Installment Sale Agreement, or to the extent of any net proceeds arising from the disposition

of the facilities of the System or any portion thereof in eminent domain proceedings which the District elects to be used for such purpose pursuant to the Installment Sale Agreement, at a redemption price equal to the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium.

[add for term bond sinking payments if applicable]

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the North Marin Water District Financing Authority has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its duly authorized officer and attested to by the facsimile signature of its Secretary, all as of the Original Issue Date specified above.

NORTH MARIN WATER DISTRICT FINANCING AUTHORITY

By: _____
Ken Eichstaedt, Chair

ATTEST:

By: _____
Secretary

CERTIFICATE OF AUTHENTICATION

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

Dated:

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

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

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

Dated: _____

Signature Guaranteed:

_____

Note: Signature(s) must be guaranteed by an eligible guarantor institution.

_____

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

APPENDIX B

FORM OF COST OF ISSUANCE REQUISITION

NORTH MARIN WATER DISTRICT FINANCING AUTHORITY
2026 WATER REVENUE BONDS

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

The undersigned hereby states and certifies that:

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

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

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

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

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

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

Dated: _____, 2026

NORTH MARIN WATER DISTRICT FINANCING AUTHORITY

By: _____

SCHEDULE A

COSTS OF ISSUANCE DISBURSEMENTS

Payee Name and Address	Purpose of Obligation	Amount*

Total:

Amount of Original Deposit:

Amount Remaining after Initial Disbursements:

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

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

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER [18], 2026

NEW ISSUE – FULL BOOK-ENTRY

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

In the opinion of Jones Hall LLP, as Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2026 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the 2026 Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, interest on the 2026 Bonds is exempt from California personal income taxes. See "TAX MATTERS."

$_____*
NORTH MARIN WATER DISTRICT FINANCING AUTHORITY
2026 WATER REVENUE BONDS

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

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

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

Security for the 2026 Bonds. The 2026 Bonds are special obligations of the Authority, payable from the "Revenues" (as described herein) pledged under the Indenture, which consist primarily of installment payments (the "Installment Payments") payable by the District to the Authority under an Installment Sale Agreement, dated as of December 1, 2026 (the "Installment Sale Agreement"), pursuant to which the District is purchasing certain improvements for the System. Repayment of the Installment Payments is secured by a pledge of the "Net Revenues" of the System, as described herein. No debt service reserve fund is being funded for the 2026 Bonds. See "SECURITY FOR THE 2026 BONDS."

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

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

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

THE 2026 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED BY THE REVENUES, WHICH CONSIST PRIMARILY OF THE INSTALLMENT PAYMENTS. THE INSTALLMENT PAYMENTS ARE PAYABLE FROM THE NET REVENUES OF THE SYSTEM OF THE DISTRICT AND CERTAIN AMOUNTS HELD BY THE TRUSTEE UNDER THE INDENTURE. THE 2026 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN, OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE REVENUES AS DESCRIBED HEREIN.

MATURITY SCHEDULE
(see inside cover)

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

The 2026 Bonds will be sold and awarded pursuant to a competitive bidding process to be held on December [2], 2026, or such other date notified to potential bidders as set forth in the Official Notice of Sale related to the 2026 Bonds. The 2026 Bonds are offered when, as and if issued and accepted by the Purchaser, subject to approval as to their legality by Jones Hall LLP, San Mateo, California, Bond Counsel. Certain legal matters will also be passed upon for the District by Jones Hall LLP, as Disclosure Counsel. It is anticipated that the 2026 Bonds, in book-entry only form, will be available through the facilities of DTC on or about December ___, 2026* (the "Closing Date").

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

* Preliminary; subject to change.

MATURITY SCHEDULE

$_____ Serial Bonds
(Base CUSIP†: _____)

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

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

† CUSIP is a Registered Trademark of The American Bankers Association. FactSet Research Systems Inc. operates The CUSIP Service Bureau for the ABA. These data are not intended to create a database and do not serve in any way as a substitute for the CUSIP services. None of the Authority, the District nor the Purchaser takes any responsibility for the accuracy of the CUSIP data.

NORTH MARIN WATER DISTRICT FINANCING AUTHORITY
(Marin County, California)

GOVERNING BOARD OF THE AUTHORITY AND BOARD OF DIRECTORS OF THE DISTRICT

Ken Eichstaedt, *President, Division 1*
Stephen Petterle, Vice President, *Division 4*
Jack Baker, *Director, Division 2*
Michael Joly, *Director, Division 3*
Rick Fraites, *Director, Division 5**

AUTHORITY/DISTRICT OFFICIALS

Anthony Williams, *General Manager*
Eric Miller*, Assistant General Manager*
Julie Blue, *Director of Administrative Services*
Craig Judson of Bold, Polisner, Maddow, Nelson and Judson, *General Counsel*

SPECIAL SERVICES

Municipal Advisor
NHA Advisors, LLC
San Rafael, California

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

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

*Rick Fraites will not be seeking reelection and will be replaced on December 1, 2026 following the expiration of his term

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

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

Involvement of Purchaser. The following statement has been included in this Official Statement on behalf of the Purchaser of the 2026 Bonds: The Purchaser has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Purchaser does not guarantee the accuracy or completeness of such information.

Stabilization of and Changes to Offering Prices. The Purchaser may overallot or take other steps that stabilize or maintain the market prices of the 2026 Bonds at levels above that which might otherwise prevail in the open market. If commenced, the Purchaser may discontinue such market stabilization at any time. The Purchaser may offer and sell the 2026 Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Purchaser.

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

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

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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

NORTH MARIN WATER DISTRICT SERVICE AREA



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OFFICIAL STATEMENT

**$_____*
NORTH MARIN WATER DISTRICT FINANCING AUTHORITY
2026 WATER REVENUE BONDS**

INTRODUCTION

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

The District. The North Marin Water District (the "**District**") is a California special district formed in April 1948 pursuant to provisions of the County Water District Law (California Water Code, Division 12, Section 30000 et seq.). The District provides water service to the greater Novato area and to areas of West Marin (Point Reyes Station, Olema, Bear Valley, Inverness Park and Paradise Ranch Estates) within Marin County (the "**County**") and a portion of southern Sonoma County through an enterprise system (the "**System**"). The System includes (i) the Novato Water System, (ii) Novato Recycled Water System, (iii) West Marin Water System and (iv) Oceana Marin Sewer System, as such terms are defined and described in further detail herein. See "THE DISTRICT".

Through the Novato Water System and Novato Recycled Water System, the District provides water service to approximately 21,000 potable water service connections and 104 recycled water connections, through the West Marin Water System the District provides water service to the Point Reyes service area of West Marin County through approximately 802 service connections, and through the Oceana Marin Sewer System the District provides sewer service to approximately 241 service connections. See "THE SYSTEM" for additional details.

The Novato Water System and Novato Recycled Water System provide water service to approximately 64,000 residents in the greater Novato area. The West Marin Water system provides water services to approximately 1,800 residents in the Point Reyes service area of West Marin County. For additional background, demographic and economic information regarding the County and the City of Novato located therein, see APPENDIX D.

The Authority. The North Marin Water District Financing Authority (the "**Authority**") is a joint exercise of powers authority established pursuant to a Joint Exercise of Powers Agreement, dated as of November 1, 2026, by and between the District and the California Statewide Communities Development Authority for the purpose, among others, of having the Authority issue its bonds to finance the acquisition, construction and improvement of certain public capital improvements for the District.

Authority for Issuance. The bonds captioned above (the "**2026 Bonds**") are being issued by the Authority under a resolution adopted by the governing body of the Authority, the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of

California (the "**Bond Law**"), and an Indenture of Trust dated as of December 1, 2026 (the "**Indenture**"), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee. See "THE 2026 BONDS – Authority for Issuance."

Purpose of the 2026 Bonds. The 2026 Bonds are being issued to provide funds to (i) assist the District with financing certain capital improvements for the System, and (ii) pay the costs of issuing the 2026 Bonds. See "FINANCING PLAN."

Security for the 2026 Bonds. The 2026 Bonds are special obligations of the Authority, payable from the "Revenues" (as described herein) pledged under the Indenture, which consist primarily of installment payments (the "**Installment Payments**") payable by the District to the Authority under an Installment Sale Agreement, dated as of December 1, 2026 (the "**Installment Sale Agreement**"), pursuant to which the District is purchasing certain improvements to the System. Repayment of the Installment Payments is secured primarily by a pledge of the Net Revenues of the System, which means the "**Gross Revenues**" received from the System, less the amount of "**Maintenance and Operation Costs**" of the System (as those terms are defined in the Indenture). No debt service reserve fund is being funded for the 2026 Bonds. See "SECURITY FOR THE 2026 BONDS."

Current and Future Parity Obligations. The District currently has several long-term debt obligations payable from Net Revenues on parity with the Installment Payments, and may incur additional parity obligations in the future (collectively, the "**Parity Obligations**"), subject to the conditions set forth in the Installment Sale Agreement. See "SECURITY FOR THE 2026 BONDS – Parity Obligations."

The existing Parity Obligations consist of the following:

(1) the Funding Agreement between California Department of Water Resources and North Marin Water District (Contract No. SRF01CX124), dated April 13, 2004 (the "**2004 DWRB Agreement**");

(2) the State Water Resources Control Board Agreement, executed July 2006 (Agreement #05-808-550-0) (the "**2006 SWRCB Agreement**");

(3) State Water Resources Control Board Agreements (Project Finance Agreement 11-816-550 (2011), and related agreement numbers 11-811-550-2, 11-820-550-2, 11-814-550, 11-841-550-1, 11-842-550-1, 11-843-550), as amended (the "**RW SWRCB Agreements**");

(4) the Installment Sale Agreement between California Department of Water Resources and North Marin Water District, dated April 12, 2016, as amended (the "**2016 SWRCB Agreement**");

(5) the Loan Agreement between the District and JPMorgan Chase Bank, N.A., dated March 22, 2018 (the "**2018 JPM Agreement**"); and

(6) the Loan Agreement between the District and Webster Bank, dated May 31, 2022 (the "**2022 Webster Bank Agreement**").

See "THE SYSTEM – Outstanding Indebtedness" for additional details.

Rate Covenants. Under the Installment Sale Agreement, the District is obligated to fix, prescribe, revise, and collect rates and charges for the System during each Fiscal Year that are sufficient to yield Net Revenues (which consists of both rates and charges and property taxes, as

described herein) at least equal to 120% of the amount of the Installment Payments and Debt Service on the Parity Obligations in such Fiscal Year.

Under the Installment Sale Agreement, the District must also fix, prescribe, revise and collect rates and charges (taking into account property taxes received by the District) for the System during each Fiscal Year which are at least sufficient, after making allowances for contingencies and error in the estimates, to produce Gross Revenues which will be sufficient to pay the following amounts: (i) all Maintenance and Operation Costs of the System estimated by the District to become due and payable in such Fiscal Year; (ii) the Installment Payments and Debt Service on the Parity Obligations; (iii) all other payments required for compliance with the Installment Sale Agreement, the Indenture and the Parity Obligations Documents; and (iv) all payments required to meet any other obligations of the District that are charges, liens, encumbrances upon or payable from the Gross Revenues or the Net Revenues of the System.

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

THE 2026 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED BY THE REVENUES, WHICH CONSIST PRIMARILY OF THE INSTALLMENT PAYMENTS. THE INSTALLMENT PAYMENTS ARE PAYABLE FROM THE NET REVENUES OF THE SYSTEM OF THE DISTRICT AND CERTAIN AMOUNTS HELD BY THE TRUSTEE UNDER THE INDENTURE. THE 2026 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, OR LIEN, OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE REVENUES AS DESCRIBED HEREIN.

FINANCING PLAN

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

The Project

The Project is expected to consist of several key CIP Projects primarily for the Novato and West Marin Water Enterprises, including potable water pipeline improvements or replacements (pipeline relocations, upsizing and replacement in-kind), pump station replacements or rehabilitations, and hydro-pneumatic system upgrades. For additional information on the Project, see "THE SYSTEM – Capital Improvement Program."

Sources and Uses of Funds

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

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

(1) Costs of Issuance include legal fees, Municipal Advisor's fee, printing costs, rating agency fees, Purchaser's discount and other expenses related to the issuance of the 2026 Bonds.

THE 2026 BONDS

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

Authority for Issuance

The 2026 Bonds are being issued by the Authority under a resolution adopted by the governing body of the Authority on November 17, 2026, the Bond Law, and the Indenture. The District, pursuant to a resolution adopted by the Board of Directors of the District on November 17, 2026, has also approved of the issuance of the 2026 Bonds by the Authority, entrance into the Installment Sale Agreement, and the distribution of the Official Statement.

General Bond Terms

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

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

Interest on the 2026 Bonds will be payable on each Interest Payment Date to the person whose name appears on the Bond Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check or draft of the Trustee mailed by first class mail to the Owner or, at the option of any Owner of at least $1,000,000 aggregate principal amount of the 2026 Bonds with respect to which written instructions have been filed with the Trustee prior to the applicable Record Date, by wire transfer, at the address of such Owner as it appears on the Bond Registration Books.

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

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

However, as long as Cede & Co. is the registered owner of the 2026 Bonds, as described below, payments of the principal of, premium, if any, and interest on the 2026 Bonds will be made directly to DTC, or its nominee, Cede & Co.

Calculation of Interest. The 2026 Bonds will be dated the Closing Date and bear interest based on a 360-day year comprised of twelve 30-day months from the Interest Payment Date next preceding the date of authentication thereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of authentication is prior to the first Interest Payment Date, in which event such interest is payable from the Closing Date; provided, however, that if, as of the date of

authentication of any 2026 Bond, interest thereon is in default, such 2026 Bond will bear interest from the date to which interest has previously been paid or made available for payment thereon in full.

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

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

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

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

Redemption*

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

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

Mandatory Sinking Fund Redemption. The 2026 Bonds maturing on December 1, 20__ and December 1, 20__ (the "**2026 Term Bonds**") are also subject to redemption, by lot, on December 1 in each of the years as set forth in the following tables, from deposits made for such purpose pursuant to the Indenture, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof may be purchased, in the aggregate respective principal amounts and on the respective dates as set forth in the following tables; provided, however, that if some but not all of the 2026 Term Bonds have been redeemed pursuant to paragraphs described above, the total amount of all future payments with respect to such 2026 Term Bonds shall be reduced by the aggregate principal amount of such 2026 Term Bonds so redeemed, to be allocated among such

* Preliminary; subject to change.

payments in integral multiples of $5,000 as determined by the Authority (written notice of which determination shall be given by the Authority to the Trustee).

2026 Term Bonds Maturing December 1, 20__

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

2026 Term Bonds Maturing December 1, 20__

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

In lieu of mandatory sinking fund redemption of the 2026 Term Bonds, amounts on deposit in the Bond Fund (to the extent not required to be deposited by the Trustee in the Interest Account or the Principal Account pursuant to the Indenture during the current Bond Year) may also be used and withdrawn by the Authority, upon the Written Request of the Authority delivered to the Trustee, at any time for the purchase of such 2026 Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Authority may in its discretion determine. The par amount of any of such Term Bonds so purchased by the Authority in any twelve-month period ending on April 1 in any year shall be credited towards and shall reduce the par amount of such Term Bonds required to be redeemed pursuant to this provision on the next succeeding December 1.

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

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

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

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

Selection of 2026 Bonds for Redemption. With respect to the 2026 Bonds, whenever less than all of the 2026 Bonds of a maturity are to be selected for redemption, the Trustee shall determine, by lot, the numbers of the 2026 Bonds of such maturity to be redeemed, and shall notify the District thereof.

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

Registration, Transfer and Exchange

Bond Registration Books. The Trustee will keep or cause to be kept at its trust office sufficient Bond Registration Books for the registration and transfer of the 2026 Bonds, which will at all times during regular business hours, and upon reasonable notice, be open to inspection by the Authority; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as provided in the Indenture.

Transfer. Any 2026 Bond may, in accordance with its terms, be transferred, upon the Bond Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such 2026 Bond to the Trustee at its Principal Corporate Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee shall collect any tax or other governmental charge on the transfer of any 2026 Bonds under the Indenture. Whenever any 2026 Bond or 2026 Bonds shall be surrendered for transfer, the Authority shall execute and

the Trustee shall authenticate and deliver to the transferee a new 2026 Bond or 2026 Bonds of like series, interest rate, maturity and aggregate principal amount. The Authority shall pay the cost of printing 2026 Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of 2026 Bonds.

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

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

DEBT SERVICE SCHEDULE

Debt Service on 2026 Bonds. Annual debt service on the 2026 Bonds is presented below, assuming no early redemptions of the 2026 Bonds.

Period Ending December 1	Principal	Interest	Annual Debt Service
Total:			

Source: Municipal Advisor.

Debt Service on 2026 Bonds and Parity Obligations. Annual debt service on the 2026 Bonds and other outstanding Parity Obligations is presented on a fiscal year basis below, assuming no early redemptions.

Period Ending June 30	Existing Parity Obligations	2026 Bonds Debt Service*	Total Parity Debt Service*
2027	$3,934,831		
2028	3,657,991		
2029	3,659,383		
2030	3,138,270		
2031	2,616,886		
2032	2,617,471		
2033	2,447,024		
2034	1,623,670		
2035	1,623,670		
2036	1,623,669		
2037	1,623,670		
2038	1,623,670		
2039	1,623,669		
2040	1,623,670		
2041	1,623,669		
2042	1,623,669		
2043	275,773		
2044	275,773		
2045	275,773		
2046	275,773		
2047	275,773		
2048	275,773		
Totals:	**$38,339,519**		

* Preliminary; subject to change.
Source: The District and NHA Advisors, LLC.

SECURITY FOR THE 2026 BONDS

This section provides summaries of the security for the 2026 Bonds, and certain provisions of the Indenture and the Installment Sale Agreement. Unless the context otherwise requires, "Bonds" refers to the 2026 Bonds and any Additional Bonds that may be outstanding under the Indenture. See APPENDIX A for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX A.

General; Limited Obligation

The 2026 Bonds are special limited obligations of the Authority and will be payable from and secured by a charge and lien on the Revenues, consisting primarily of the Installment Payments to be made by the District under the Installment Sale Agreement, and all amounts held in certain funds and accounts established and held by the Trustee under the Indenture.

Installment Payments; Pledge of Net Revenues

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

Net Revenues. The Indenture defines "**Net Revenues**" as, for any period, all of the Gross Revenues during such period less all of the Maintenance and Operation Costs during such period.

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

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

Receipt and Use of Gross Revenues under Installment Sale Agreement

Flow of Funds. The District will hold and maintain the Net Revenues for the purposes and uses set forth in the Installment Sale Agreement. The District shall deposit all of the Gross Revenues in its revenue funds immediately upon receipt. The District shall apply amounts so

deposited as set forth in the Installment Sale Agreement and any resolution, trust indenture or installment sale agreement adopted, entered into or executed and delivered by the District under which Parity Obligations may be issued (collectively, "**Parity Obligations Documents**"). Gross Revenues on deposit shall be applied by the District to pay when due the following amounts in the following order of priority:

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

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

(iii) to the Trustee (or other recipient set forth in a Parity Obligations Document) the amount of any deficiency in any reserve fund established for any Parity Obligation (or to pay any reserve insurer any amounts owed in connection with any draw on any reserve fund insurance policy), the notice of which deficiency has been given to the District in accordance with the Indenture and the related Parity Obligations Documents, on a pro rata basis; and

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

No Preference or Priority. Payment of the Installment Payments and the principal of and interest on any Parity Obligation shall be made without preference or priority among the Installment Payments and such Parity Obligation. If the amount of Net Revenues is at any time insufficient (or forecast to be insufficient) to enable the District to pay when due the Installment Payments and the principal of and interest on any Parity Obligation (or payments made in accordance with any reserve account or reserve fund, including to pay any reserve insurer any amounts owed in connection with any draw on any reserve fund insurance policy), such payments shall be made on a pro rata basis.

Receipt and Use of Revenues under Indenture

Assignment to Trustee. Under the Indenture, the Authority irrevocably transfers, assigns and sets over to the Trustee, without recourse to the Authority, all of its rights in the Installment Sale Agreement (excepting only the Authority's rights relating to indemnification and related matters), including but not limited to all of the Authority's rights to receive and collect all of the Installment Payments. The Trustee is entitled to collect and receive all of the Installment Payments, and any Installment Payments collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee is also entitled to and shall, subject to the provisions of the Indenture, take all steps, actions and proceedings which the Trustee determines to be reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the District under the Installment Sale Agreement.

Deposit and Use of Revenues in Bond Fund. All Revenues (consisting, primarily, of the Installment Payments) shall be promptly deposited by the Trustee upon receipt in a special fund designated as the "Bond Fund" which the Trustee shall establish, maintain and hold in trust; except that all moneys received by the Trustee and required under the Indenture or under the Installment Sale Agreement to be deposited in the Redemption Fund shall be promptly deposited

in such fund. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture. Any surplus remaining in the Bond Fund, after payment in full of (i) the principal of and interest on the 2026 Bonds or provision therefore under the Indenture, and (ii) any applicable fees and expenses of the Trustee, shall be withdrawn by the Trustee and remitted to the District.

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

Interest Account. The Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such Interest Payment Date on all Bonds then Outstanding. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the 2026 Bonds as it comes due and payable (including accrued interest on any 2026 Bonds purchased or redeemed prior to maturity).

Principal Account. The Trustee shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the 2026 Bonds coming due and payable on each December 1, including the aggregate principal amount of the Term Bonds (if any) which are subject to mandatory sinking fund redemption on such December 1 pursuant to the Indenture. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal amount of the 2026 Bonds on their respective maturity dates, including the aggregate principal amount of the Term Bonds (if any) which are subject to mandatory sinking fund redemption on such December 1 pursuant to the Indenture.

Reserve Fund(s). The Trustee shall deposit into any reserve fund(s) established for Parity Obligations, amount(s) which are needed to replenish the amounts therein to the applicable reserve requirement therefor or pay amounts due to any insurer with respect to any reserve fund insurance policy deposited therein (if applicable).

Deposit and Use of Revenues in Redemption Fund. The Trustee shall establish and maintain the Redemption Fund, into which the Trustee shall deposit a portion of the Revenues received representing optional prepayments of the Installment Payments, in accordance with a Written Request of the Authority. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and premium (if any) of the 2026 Bonds to be redeemed under the optional redemption or special mandatory redemption provisions of the Indenture; *provided, however*, that at any time prior to the selection of Bonds for redemption, the Trustee may apply such amounts to the purchase of Bonds at public or private sale, when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as shall be directed under a Written Request of the Authority, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the 2026 Bonds.

No Reserve Fund

No debt service reserve fund is being funded for the 2026 Bonds.

Rate Stabilization Fund

The District may establish a rate stabilization fund (the "**Rate Stabilization Fund**"). From time to time the District may deposit amounts in the Rate Stabilization Fund, from any source of

legally available funds, including but not limited to Net Revenues that are released from the pledge and lien, which secures the Installment Payments and any Parity Obligation, as the District may determine.

The District may, but is not required to, apply as Gross Revenues any amounts on deposit in a Rate Stabilization Fund which are transferred to a District revenue fund within 210 days following the end of any Fiscal Year. Amounts so transferred shall constitute Gross Revenues for the applicable Fiscal Year (except to the extent of amounts transferred into the Rate Stabilization Fund from Gross Revenues received by the District in such Fiscal Year, so as to avoid double-counting). Amounts on deposit in a Rate Stabilization Fund shall not be pledged to or otherwise secure the Installment Payments or any Parity Obligations. The District has the right at any time to withdraw any or all amounts on deposit in a Rate Stabilization Fund and apply such amounts for any lawful purposes of the District.

While the District does not currently have any amounts set aside in the Rate Stabilization Fund, it does maintain other reserves related to the System. See "THE SYSTEM– Funds and Reserves."

Rate Covenants

Sum Sufficient Based on Gross Revenues. Under the Installment Sale Agreement, the District will fix, prescribe, revise and collect charges for the System during each Fiscal Year that are at least sufficient, after making allowances for contingencies and error in the estimates, to produce Gross Revenues which will be sufficient to pay the following amounts:

(a) all Maintenance and Operation Costs of the System estimated by the District to become due and payable in such Fiscal Year;

(b) the Installment Payments and Debt Service on any Parity Obligation;

(c) all other payments required for compliance with the Installment Sale Agreement, the Indenture and the Parity Obligations Documents; and

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

Debt Service Coverage Based on Net Revenues (120%). In addition, under the Installment Sale Agreement, the District will fix, prescribe, revise and collect charges for the System during each Fiscal Year which are sufficient to yield Net Revenues at least equal to 120% of the Installment Payments and Debt Service on the other Parity Obligations in such Fiscal Year. For purposes of this paragraph, the amount of Net Revenues for a Fiscal Year will be computed on the basis that any transfers into the District's revenue funds in such Fiscal Year from the Rate Stabilization Fund are included in the calculation of Net Revenues (except to the extent of amounts transferred into the Rate Stabilization Fund from Gross Revenues received by the District in such Fiscal Year), as provided in the Installment Sale Agreement.

Parity Obligations

Existing Parity Obligations. The parity debt requirement in the RW SWRCB Agreements and the 2016 SWRCB Agreement requires (1) 120% coverage of all senior debt and 110% coverage of all debt, and (2) that one of the following conditions is met: (a) proposed parity debt is rated "A" or higher by 2 rating agencies, or (b) the District is disadvantaged and it would be economically burdensome to obtain ratings for the parity debt or (c) the District is

disadvantaged and requiring additional debt to be subordinate would unduly restrict the District from obtaining future system debt necessary for water quality improvements. The parity debt requirement in the 2018 JPM Agreement requires that Net Revenues for prior fiscal year (or more recent 12-month period) must be at least 100% of Average Annual Debt Service (each as defined therein). The parity debt requirement in the 2022 Webster Bank Agreement requires 115% coverage of Average Annual Debt Service (as defined therein). The other existing Parity Obligation do not have specific parity debt requirements.

The Parity Obligations are payable on different payment dates from the Installment Payments. To preserve the parity nature of the Installment Payments with the Parity Obligations, the District covenants in the Installment Sale Agreement that if the amount of Net Revenues on deposit is at any time insufficient (or forecast to be insufficient) to enable the District to pay when due the Installment Payments and the principal of and interest on any Parity Obligation (or payments made in accordance with any reserve account or reserve fund, including to pay any reserve insurer any amounts owed in connection with any draw on any reserve fund insurance policy), such payments shall be made on a pro rata basis.

Additional Parity Obligations. Under the Installment Sale Agreement, the District may issue or incur other loans, advances or indebtedness payable from the Net Revenues on a parity basis with the Installment Payments in the future, subject to the following specific conditions (in addition to the conditions in the current Parity Obligations so long as those obligations are outstanding) that are made conditions precedent to the issuance and delivery of such Parity Obligation:

(a) The District is in compliance with all covenants set forth in the Installment Sale Agreement and in the Indenture.

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

(i) An allowance for Net Revenues from any additions to or improvements or extensions with respect to the System to be made with the proceeds of such Parity Obligation, and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of such Fiscal Year or such 12-month period, were not in service, all in an amount equal to 90% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36-month period in which each addition, improvement or extension is respectively to be in operation, all as shown in the written report of an Independent Consultant engaged by the District; and

(ii) An allowance for revenues projected to arise from any increase in the rates and charges which has been approved by the District Board prior to the incurring of such additional indebtedness but which, during all or any part of such Fiscal Year or such 12-month period, was not in effect, in an amount equal to the

amount by which the Net Revenues would have been increased if such increase in rates and charges had been in effect during the whole of such Fiscal Year or such 12-month period, all as shown in the written report of an Independent Consultant engaged by the District. For the avoidance of doubt, a charge shall be considered to have been approved by the District Board and may be considered in the calculation of the allowance described in the previous sentence if the water rate and charge is part of a multi-year rate increase that has been approved by the District Board, even if the specific rate and charge will not take effect until a subsequent Fiscal Year.

(c) Notwithstanding the foregoing, any Parity Obligation proposed to be issued for the purpose of refunding any Parity Obligation may be issued without compliance with subsection (b), so long as such refunding results in lower Debt Service in each Fiscal Year after such refunding and the final maturity (or termination) date of the refunding Parity Obligation is no later than the final maturity (or termination) date of the refunded Parity Obligation. For clarity, Parity Obligations may or may not be secured by a debt service reserve fund.

As used above, "**Maximum Annual Debt Service**" means, as of the date of calculation, the maximum amount of Debt Service for the current or any future Fiscal Year. The calculation of "**Debt Service**" is set forth in APPENDIX A.

No Senior Debt

The District covenants in the Installment Sale Agreement to not issue or incur any additional bonds or other obligations during the term thereof having any priority in payment of principal or interest out of the Net Revenues over the Installment Payments. However, this covenant does not limit or affect the ability of the District to issue, enter into or incur additional Parity Obligations as described above, or obligations which are either unsecured or which are secured on a basis which is junior and subordinate to the pledge of and lien upon the Net Revenues established under the Installment Sale Agreement.

Casualty Insurance and Eminent Domain Proceeds

Covenant to Maintain Insurance. The District covenants that it will at all times maintain such insurance on the facilities of the System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such works or properties.

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

Eminent Domain Proceeds. If all or any part of the facilities of the System are taken by eminent domain proceedings, the Net Proceeds realized by the District therefrom will be deposited by the District in a special fund in trust and applied by the District to the cost of acquiring or constructing or financing Improvements to the System, or to redeem Bonds or any Parity Obligation in accordance with the Indenture and applicable Parity Obligations Documents.

THE AUTHORITY

The Authority was created by the District and the California Statewide Communities Development Authority pursuant to a Joint Exercise of Powers Agreement, dated as of November 1, 2026, for the purpose, among others, of having the Authority issue its bonds to finance the acquisition, construction and improvement of public capital improvements in the District. The members of the Board of Directors of the District serve as the governing board of the Authority, and certain District staff serve as the officers of the Authority. The Joint Exercise of Powers Agreement was entered into under Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California. The Authority is a separate entity constituting a public instrumentality of the State of California.

THE DISTRICT

Overview

The District is located in the County of Marin (the "**County**") in the State of California (the "**State**"). The District was formed in April 1948 pursuant to provisions of the County Water District Law.

The District provides water service to the greater Novato area (the "**Novato Water System**"), recycled water service to customers in Novato (the "**Novato Recycled Water System**") and water service to areas of West Marin (Point Reyes Station, Olema, Bear Valley, Inverness Park and Paradise Ranch Estates) (the "**West Marin Water System**"). The District provides sewer service to the Oceana Marin subdivision adjacent to the Dillon Beach Village community (the "**Oceana Marin Sewer System**"). For information regarding the operations and finances of each component system, see "THE SYSTEM".

For background, demographic and economic information regarding the County and the City of Novato located therein, see APPENDIX D.

Governance and Employees

The District is governed by an elected five member Board of Directors, and administered by the General Manager and other key District staff.

Board of Directors. Board members are elected for four-year terms from one of five geographical areas within the District's service area. The current Board members are as follows.

Member Name	Role	District Division
Ken Eichstaedt	President	Division 1
Stephen Petterle	Vice President	Division 4
Jack Baker	Director	Division 2
Michael Joly	Director	Division 3
Rick Fraites	Director	Division 5

Key District Staff. Key District staff include the General Manager, the Assistant General Manager and the Director of Administrative Services, all of which are appointed by the Board of Directors. Brief biographies follow.

Anthony Williams, *General Manager*. Mr. Williams was appointed General Manager of the District in May 2022. Prior to that time, he served as Assistant General Manager to the District, and before that as the Assistant Director of the County of Marin

Department of Public Works. He has more than 26 years of experience in both the public and private sectors. Mr. Williams is a licensed civil engineer in California.

Eric Miller, Assistant General Manager/Director of Engineering. Mr. Miller was appointed Assistant General Manager of the District in June 2022. Prior to joining the District, he served as a manager of engineering for the County of Marin. Mr. Miller has more than 10 years of experience with California public agencies. Mr. Miller is a licensed civil engineer in California.

Julie Blue, Director of Administrative Services. Ms. Blue was appointed as the District's Auditor-Controller in 2018. Prior to joining the District, Ms. Blue served as Accounting Manager for Ross Valley Sanitary District. Ms. Blue is a licensed California Certified Public Accountant and holds a Bachelor of Science degree in Business Administration with an emphasis in Accounting from San Diego State University.

Employees. The District has 61 budgeted full-time equivalent employees (FTEs) serving the following functions: administration and finance, engineering, utilities construction and repairs, operations and maintenance, water quality, and water conservation. The District believes its relations with its employees are good.

CalPERS Pension Plan

Plan Description and Benefits. All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Pension Plan ("**PERF C**") administered by the California Public Employees' Retirement System ("**CalPERS**"). The PERF C consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety plans respectively. Benefit provisions under the Plan are established by State Statute and the District's 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. 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 years of credited service, equal to one year of full-time employment.

Net Pension Liability. As of June 30, 2025, the District's proportionate share of net pension liability in its CalPERS retirement plans was $18,203,208.

Additional Information. For additional information about the District's defined benefit pension plan, including information concerning contributions and net pension liability, see Note 12 in APPENDIX B – "AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2025 – Defined benefit Pension Plan."

Other Post-Employment Benefits (OPEB)

Plan Description and Benefits. The District's defined benefit OPEB plan ("**Plan**") provides OPEB for all permanent fulltime employees. The Plan is a single-employer defined benefit OPEB plan administered by the District. The District's Board of Directors has the authority to establish and amend the benefit terms and financing requirements of the Plan.

The District contributes up to $319.22 to Public Employees' Medical & Hospital Care Act ("**PEMHCA**"), on behalf of each retiree eligible for PEMHCA. The District makes supplemental contributions towards certain retirees' PEMHCA premiums if the retiree has attained age 55 and has completed at least 12 years of service with the District at the time of retirement. For employees hired on or after October 1, 2018, the retiree must be at least age 55 at the date of retirement with a minimum of 20 years of full-time equivalent service.

Net OPEB Liability. For Fiscal Year 2024-25, the District had a net OPEB liability of $4,327,665.

Additional Information. For additional information about the District's OPEB, including information concerning contributions and net OPEB liability, see Note 11 in APPENDIX B – "AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2025 – Other Post-employment Benefits (OPEB) Plan."

Insurance Coverage

The District is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. To manage risks of loss from torts, theft, property damage, errors and omissions, employee injuries, and natural disasters, the District maintains commercial insurance coverage across multiple categories as of June 30, 2025, including general liability ($10 million aggregate, $100,000 deductible), excess liability ($9 million per occurrence/aggregate), property insurance (up to $100,000,000, $50,000 deductible), automobile insurance ($1,000,000 combined single limit, $100,000 deductible), crime coverage (up to $1 million for employee theft, with other sub-limits and a $100,000 deductible), public officials and management liability ($10 million, $100,000 deductible), statutory workers' compensation with $1 million employers liability, environmental coverage ($4 million aggregate, $25,000 deductible), railroad protective liability ($10 million aggregate), and cyber coverage ($1 million aggregate, $10,000 deductible); settled claims have not exceeded coverage limits in any of the last three fiscal years, and there have been no reductions in coverage during fiscal years 2025 and 2024. For additional information on coverages and deductibles, see Note 16 in APPENDIX B – "AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2025 – Risk Management."

THE SYSTEM

General

North Marin Water District (previously defined as the "**District**") is an independent special district formed by voter approval in April 1948 pursuant to the County Water District Law (California Water Code, Division 12, Section 30000 et seq.), governed by a five-member Board of Directors elected by division to overlapping four-year terms. The District's service area covers approximately 100 square miles in the County, and includes the following component enterprise systems (collectively referred to herein as the "**System**"):

- water service to the greater Novato area (the "**Novato Water System**"),
- recycled water service to customers in Novato (the "**Novato Recycled Water System**"),
- water service to customers in the Point Reyes and surrounding areas of West Marin County (the "**West Marin Water System**"), and
- sewer service to residents in the Oceana Marin service area of West Marin County (the" **Oceana Marin Sewer System**").

Day-to-day operations of the District, including the System, are led by the District's General Manager, with five departments and 61 budgeted full-time employees as of the Fiscal Year 2026-27 Adopted Budget.

The Novato Water System is the primary service division within the District and represents approximately 89% of revenues within the System as of June 30, 2026.

The following map depicts, geographically, the component systems described below and the District's service areas.

Boundary Map
North Marin Water District



Novato Water System

The Novato Water System serves the greater City of Novato area, adjacent annexed areas and a portion of Sonoma County along the highway 101 corridor, delivering drinking water to an estimated population of 61,691, through approximately 21,000 potable water connections.

Water Supply. During an average year, approximately 80% of the Novato Water System's supply is purchased from the Sonoma County Water Agency ("**Sonoma Water**") via the Russian River water transmission system, with the remaining approximately 20% made up of treated local surface water from the District's Stafford Lake Reservoir ("**Stafford Lake**"), supplemented in most years by a small amount of recycled water use.

Sonoma Water Purchases. The District receives imported Russian River water through the North Marin Aqueduct from Sonoma Water. Sonoma Water's Russian River supply originates from the Eel River and Russian River watersheds, impounded by Lake Mendocino (via the Potter Valley Project) and Lake Sonoma, which together can store up to 367,500 acre-feet ("**AF**"). Sonoma Water operates under four water rights permits issued by the State Water Resources Control Board (Permits 12947A, 12949, 12950, and 16596), authorizing storage of up to 122,500 AFY in Lake Mendocino and up to 245,000 AFY in Lake Sonoma, and diversion/rediversion of up to 180 cubic feet per second (cfs) of Russian River water, subject to a limit of 75,000 AFY. The District received 6,323 AF (2,060 MG) of Russian River water in Fiscal Year 2024-25 and 5,134 AF (1,673 MG) in Fiscal Year 2023-24. The alluvial aquifer under and next to the Russian River from which Sonoma Water extracts water acts as a filter, producing water that meets and exceeds public drinking water system standards. The filtration process, referred to as natural filtration, consists of physical, biological, and chemical mechanisms that work together to purify water as it travels through the alluvial aquifer. The natural filtration process allows Sonoma Water to divert and transmit water without subjecting it to the treatment processes that would be required for diversions of surface water.

Stafford Lake. Stafford Lake, the District's supplementary local surface water source, lies approximately four miles west of downtown Novato and collects runoff from 8.3 square miles of watershed land adjacent to the upper reaches of Novato Creek. The lake has a surface area of 230 acres and holds 4,450 AF (1,450 MG) of water by virtue of the Stafford Dam, originally built in 1951 and modified and raised nine feet in 1985. The District can "backfeed" Stafford Lake with purchased "surplus" winter water from Sonoma Water (a provision in the Restructured Agreement) if local dry conditions warrant. This operation has been conducted ten times in previous droughts or dry conditions beginning in 1976 with an average backfeed volume of 519 AF.

Sonoma Water Rights. Sonoma Water holds four water rights permits for water supply issued by the State Water Resources Control Board. Under these permits, Sonoma Water is authorized to store up to 122,500 acre-feet per year ("**AFY**") of water in Lake Mendocino and up to 245,000 AFY in Lake Sonoma of water in Lake Sonoma, and to divert or redivert up to 180 cubic feet per second ("**cfs**") of water from the Russian River with a limit of 75,000 AFY.

The permits also establish minimum instream flow requirements for fish and wildlife protection and recreation. These minimum instream flow requirements vary based on the hydrologic classifications of *Normal, Dry and Critical* water supply conditions as defined in Sonoma Water's water rights permits and by Decision 1610, adopted by the State Water

Resources Control Board in 1986 ("**Decision 1610**"). Due to hydrologic changes in the Russian River watershed and Sonoma Water's water supply operational requirements under a Biological Opinion (April 2025), Sonoma Water regularly petitions the State Water Resources Control Board to modify these minimum instream flow requirements and the index that establishes the hydrologic classifications. Under current protocols, Sonoma Water relies on a 180-day temporary urgency change procedure to modify these changes to its water rights. Sonoma Water will continue to regularly file requests for temporary urgency changes until a longer term solution is approved. Sonoma Water meets the various instream flow requirements by making storage releases at Coyote Valley Dam (Lake Mendocino) and Warm Springs Dam (Lake Sonoma).

Sonoma Water's water rights are subject to four primary limitations:

(1) riparian rights,

(2) the rights of pre-1949 appropriators to the natural flow of the Russian River (as augmented by diversions from the Eel River by PG&E's Potter Valley Project),

(3) all current or future appropriative rights of users located upstream of Lake Mendocino, and

(4) exports of water by Sonoma Water outside of the Russian River Valley ("**RRV**") are limited by fulfillment of the rights to reservations of Lake Mendocino water in the amounts of 8,000 AFY for use in portions of Mendocino County (which is a co-equal right with Sonoma Water for uses in the RRV) and 10,000 AFY for use in the Russian River basin in Sonoma County (which is a junior right to Sonoma Water for uses in the RRV).

The following table shows the historical water supply for the Novato Water System, broken down by source, for the last five fiscal years.

Table 1
Historical Water Supply by Source (Novato Water System) (Acre-feet)
Last Five Fiscal Years

	2020-21	2021-22	2022-23	2023-24	2024-25
Received from Sonoma Water	7,304	5,787	4,033	5,134	6,323
Produced by Stafford Lake	648	516	1,953	1,255	948
Total	**7,952**	**6,303**	**5,986**	**6,389**	**7,271**
Sonoma Water Share	**91.9%**	**91.8%**	**67.4%**	**80.4%**	**87.0%**

Source: North Marin Water District, Audited Financial Statements for the Fiscal Year Ended June 30, 2021 through Fiscal Year Ended June 30, 2025.

North Marin Aqueduct. The North Marin Aqueduct is a steel transmission main (30, 36, and 42 inches in diameter) owned and operated by the District running from Sonoma Water's Petaluma Aqueduct near Kastania Tank in south Petaluma to the northern end of the District's distribution system in Novato, entering near the San Marin Control Station (at approximately the intersection of San Marin Drive and Redwood Boulevard).

MMWD Emergency Interties. South of the San Marin Control Station, the North Marin Aqueduct continues and provides additional points of connection, including to Marin Municipal Water District's ("**MMWD**") Novato Bypass pipeline. There are six interties between the District's distribution system and the MMWD Novato Bypass pipeline that can transfer water between the two systems.

Stafford Dam and Water Treatment Plant. Water is drawn from Stafford Lake by an intake tower and fed by gravity or pumping to the adjacent Stafford Treatment Plant ("**STP**"), from which treated water is pumped to the Zone 1 system by a High Service pump station (two 125-hp pumps and one 75-hp pump). The STP is designed to meet current and future water quality standards, improve system reliability, and enhance the aesthetic quality of the District's water supply for the Novato service area. The original treatment plant was built in 1954. In August 2006, the plant was upgraded with granular activated carbon filters to address taste and odor issues, and its clarifier was converted to a solids thickener.

The STP has a production capacity of 5.4 million-gallon-per-day ("**MGD**") and operates seasonally to reduce peak summer demands on the SCWA Russian River transmission system. From Fiscal Year 2006-7 through Fiscal Year 2025-26, Stafford Lake has supplied an average of 547 MG of water per year, accounting for approximately twenty-one percent (21%) of Novato's annual water demand for the District's Novato service area. The STP has a nominal production capacity of 6 MGD, with quantities treated each year depending on demand in the District's Novato service area and the amount of source water available in Stafford Lake.

Distribution System. The Novato Water System has four primary pressure zones based on ground surface elevation (Zones 1 through 4), including the transmission aqueduct zone, together with a number of smaller isolated zones served by individual pump stations (17 pressure zones in total when these isolated sub-zones are included, per the District's fire-flow capacity analysis). The transmission system consists primarily of 16- to 30-inch diameter pipelines, including a 30-inch main connecting the North Marin Aqueduct to Zone 1 and an 18-inch pipeline delivering water from the Stafford Treatment Plant to Zone 1; most of the distribution system is comprised of 6- to 12-inch diameter pipelines constructed primarily of PVC, asbestos cement, and cast iron. Approximately 46% of total system demand is in Zone 1 and 45% in Zone 2, with the remaining zones accounting for approximately 9% of demand. A total of 30 gravity storage tanks, with a combined capacity of approximately 37.3 MG (ranging in individual size from 5,500 gallons to 5 MG), provide storage across the system's pressure zones. A total of 26 pump stations (individual pumps ranging from 1 to 100 horsepower) deliver water from lower to higher pressure zones, including two main pump stations (San Marin and Lynwood) that lift water from Zone 1 to Zone 2.

The Novato Water System also includes seven hydropneumatic systems (Hayden, Diablo Hills, Eagle Drive, Bahia, Rockrose, Indian Hills, and Garner) serving smaller pressure zones that cannot be met from the primary zones; the District's policy is not to permit additional hydropneumatic systems given their relatively high maintenance and operational complexity.

Novato Recycled Water System

The Novato Recycled Water System serves the greater City of Novato area, delivering recycled water to an estimated 104 recycled water connections. The Novato Recycled Water System delivers tertiary-treated recycled water, supplied under interagency agreements with Novato Sanitary District ("**NSD**") and Las Gallinas Valley Sanitary District ("**LGVSD**"), to commercial, governmental, and institutional customers for irrigation, dust control, construction activities, and commercial car washing within portions of the Novato service area. The Novato Recycled Water System has 3 sub-service areas: recycled water is provided to the District's North and Central recycled water service areas from NSD, and recycled water is provided to the District's South recycled water service area from LGVSD.

Interagency Agreements with NSD and LGVSD. Recycled water supply is purchased from NSD under the Fourth Revised Inter-Agency Agreement for Recycled Water, effective October 14, 2025 (replacing the Third Revised agreement dated May 10, 2011), and from LGVSD under the Second Revised Inter-Agency Agreement for Recycled Water, executed in 2022

(replacing the First Revised agreement dated April 19, 2011) (the "**Interagency Agreements**"). The NSD agreement has an initial 15-year term and the LGVSD agreement an initial 30-year term, each followed by automatic one-year renewals unless terminated in accordance with its terms. The agreements anticipate maximum annual delivery quantities of 724 acre-feet (approximately 236 million gallons) from NSD and 204 acre-feet (approximately 66 million gallons) from LGVSD. Under both agreements, the District reimburses the producer's actual operation and maintenance costs, while capital repair, replacement and expansion of the treatment facilities are funded from separate capital replacement and expansion funds that the District maintains from net recycled water revenues.

NSD and LGSVD Production of Recycled Water. Recycled water is produced at NSD's Davidson Street Recycled Water Facility ("**RWF**") (tertiary treatment, filtration, and disinfection; up to 2.5 MGD, serving the District's North and Central recycled water service areas) and at LGVSD's RWF (membrane ultrafiltration and chlorine disinfection; over 5 MGD capacity, serving the District's South recycled water service area in conformance with Title 22). Recycled water is typically produced between May and November, with potable water used as "make-up" supply when recycled water production is unavailable.

Storage and Distribution. Once produced, the District is responsible for the storage and distribution of recycled water. As of September 2025, the Novato Recycled Water System had approximately 16.7 miles of pipeline and three recycled water storage tanks with a combined capacity of approximately 1.5 MG, including the Plum Street, Norman, and Reservoir Hill tanks. The storage tanks hold recycled water produced by NSD and LGSVD until needed for use by the Novato Recycled Water System's customers. The recycled water is distributed from the storage tanks to the Novato Recycled Water System's customers through the recycled water pipelines (purple pipe).

West Marin Water System

The West Marin Water System is a separate potable water system, with a separate source of supply and no physical interconnection to the Novato Water System or Novato Recycled Water System, serving an estimated population of approximately 1,800 residents across approximately 24 square miles (encompassing Point Reyes Station, Olema, Bear Valley, Inverness Park, and Paradise Ranch Estates) with approximately 811 connections (802 active) .

Groundwater Wells. The West Marin Water System's supply is derived from two groundwater sources: wells located on the former Coast Guard housing facility property in Point Reyes Station (the "**Coast Guard Wells**") and Gallagher Well No. 1 and No. 2, located approximately 1.3 miles northeast of Highway 1 within the Gallagher Ranch. The Coast Guard Wells are subject to periodic salinity intrusion and occasional flooding due to their location in the lower tidal reach of Lagunitas Creek; Gallagher Well No. 1 and Well No. 2 is located upstream of any tidal influence. Because of continued water quality issues at the Coast Guard Wells, the District installed a second well on the Gallagher Ranch (Gallagher Well No. 2), and has budgeted for a third well (Gallagher Well No. 3) to replace the failing Well No. 1 (see "– Capital Improvement Program" below).

Point Reyes Water Treatment Plant. All groundwater pumped from the Coast Guard Wells and Gallagher Well No. 1 and No. 2 is treated at the Point Reyes Water Treatment Plant before entering the potable water distribution system for the West Marin Water System.

Storage and Distribution. From the Point Reyes Water Treatment Plant, treated water is conveyed to the Point Reyes Station tanks and distributed through roughly 26.5 miles (about 139,900 feet) of pipeline serving seven service and pressure zones, with the main zones being Point Reyes Station, Olema, Bear Valley, Inverness Park, and Paradise Ranch Estates. The

transmission system consists of 8-inch and 4-inch mains, including an 8-inch main from the treatment plant to the Point Reyes Station tanks, an 8-inch main along Sir Francis Drake Boulevard to Inverness Park and Bear Valley, and a 4-inch main to Olema. Each pressure zone has gravity storage capacity in one or more storage tanks. There are a total of 13 storage tanks throughout the West Marin Water System, totaling almost 1.1 MG. Point Reyes Station has a storage capacity of 580,000 gallons. Inverness Park has a total storage capacity of 136,500 gallons. Paradise Ranch Estates has a combined storage capacity of 213,000 gallons. Bear Valley has 30,000 gallons and Olema has 150,000 gallons of storage capacity. Tank sizes range from 10,000 gallons to 300,000 gallons.

Oceana Marin Sewer System

The Oceana Marin Sewer System provides sewer service to the Oceana Marin subdivision adjacent to the Dillon Beach Village community, with 241 service connections.

Collection, Treatment and Disposal Facilities. The Oceana Marin Sewer System is a land-disposal wastewater system: sewage is collected by gravity sewers, pumped to a treatment facility consisting of two aerated treatment ponds, and the treated effluent is disposed of through an underground leach field rather than discharged to a surface water body. The Oceana Marin Sewer System includes approximately 4.4 miles of gravity sewer pipe and 0.7 miles of force main pipe, along with 2 lift stations. The system is situated on a hillside above the Pacific Ocean overlooking a public recreational beach in the Dillon Beach area; because any sewage spill could flow directly onto the beach and into the Pacific Ocean, the District has emphasized maintaining sufficient redundancy and reliability in the system's collection, pumping, treatment, and disposal facilities.

The Oceana Marin Sewer System effluent disposal system consists of a pressure distribution/shallow gravel trench system. This type of system is suited for areas with high groundwater, steep slopes and low infiltration rates. Treated effluent is spread out over a wide area to enhance the infiltration and minimize the seepage to the surface. An automatic dosing siphon provides flow to the pressure distribution pipe network.

Regulatory

Water Supply Regulation. All drinking water standards are set by the U.S. Environmental Protection Agency under the Federal Safe Drinking Water Act of 1974. In California, the State Water Resources Control Board, Division of Drinking Water ("**DDW**") can adopt the federal standards or set more stringent standards, codified in Title 22 of the California Code of Regulations, consisting of (i) Primary Maximum Contaminant Levels (health-protective, risk-based standards that public water systems may not exceed) and (ii) Secondary Maximum Contaminant Levels (aesthetic standards for taste, odor, color and mineral content). The District routinely monitors treated water to ensure compliance with these standards, reports testing results to DDW, and summarizes results annually in Water Quality Reports mailed to customers and posted online. The Novato Water System has never had a violation of regulatory limits of any type and is in compliance with all federal and state regulations.

PFAS. The District tested for multiple PFAS compounds in treated water from Stafford Lake and the Sonoma County Water Agency, as well as Stafford Lake untreated source water as part of several monitoring programs (UCMR 3, UCMR 5, self-initiated screening) with no detections through 2025. In 2026, NMWD began testing for PFAS in its Novato and West Marin local water sources in accordance with the requirements in the State Water Resources Control Board General Order No. DW 2025-0002-DDW. While no regulated PFAS compounds

have been detected in the Stafford Lake supply, there have been trace detections of the PFAS compound PFBA (unregulated) in September and October 2026. In June 2026, initial testing of the West Marin wells indicated two regulated PFAS compounds (PFHxS and PFOS) above the Detection level in one of the Coast Guard Wells but non-detection in all other wells, including the Gallagher wells. Retesting in September 2026 indicated no PFAS compound detection in any of the wells. The District FY2026 through FY2031 CIP doesn't include any capital projects related to PFAS treatment or mitigation. The testing performed to date has found no PFAS compounds above any regulatory limits.

Sustainable Groundwater Management Act (SGMA). The Novato Water System does not pump groundwater and has no plans to use groundwater as a future supply source. The groundwater basin underlying the District's Novato service area, the Novato Valley Basin (DWR Basin No. 2-30), is categorized by DWR's CASGEM program as a "very low priority" basin, meaning it is not currently subject to SGMA's Groundwater Sustainability Plan ("**GSP**") requirements, which apply only to high- and medium-priority basins. However, a small portion of Sonoma Water's supply to the District is sourced from groundwater in the Santa Rosa Plain Subbasin of the Santa Rosa Valley Basin, a medium-priority basin under an approved GSP managed by the Santa Rosa Plain Groundwater Sustainability Agency during drought periods or when Russian River supplies are constrained. There is no SGMA designated groundwater basin within the West Marin Water System.

2025 Urban Water Management Plan and Water Shortage Contingency Plan. The District's 2025 Urban Water Management Plan ("**2025 UWMP**") and accompanying Water Shortage Contingency Plan ("**WSCP**") were adopted by the District's Board of Directors on June 16, 2026 (Resolution No. 26-04), following a duly noticed public hearing, by a unanimous vote of all five directors. The 2025 UWMP and WSCP were prepared in accordance with the Urban Water Management Planning Act (Cal. Water Code §§ 10610-10657) with assistance from the District's consultant, EKI Environment & Water, Inc. Consistent with California Water Code § 10635(a), the 2025 UWMP assesses Novato Water System supply reliability over a 20-year horizon (2030 through 2050) under normal, single-dry-year, and five-consecutive-dry-year conditions. Under normal conditions, projected supply (16,142 to 16,239 AF) is projected to substantially exceed projected use (9,545 to 10,163 AF) in each five-year increment through 2050, for a surplus of approximately 6,100 to 6,600 AF. Under both the single-dry-year and five-consecutive-dry-year scenarios, the 2025 UWMP projects that supply (assumed to consist of local production and Sonoma Water purchases only) will be reduced to exactly match projected use, resulting in no projected shortfall in any year through 2050, though actual available supply may exceed the assumed dry-year volumes. The 2025 UWMP concludes that sufficient water supplies are available to meet projected Novato Water System demands under all hydrologic conditions modeled through 2050. The 2025 UWMP states that, given the District's proactive monitoring and management of water quality in its source supplies, water quality is not expected to impact the reliability of available Novato Water System supplies through 2050.

The WSCP uses the Act's six standard water shortage levels (ranging from up to 10% in Level 1 to greater than 50% in Level 6) and defines shortage response

actions, including supply augmentation and demand reduction measures, for each level, consistent with Water Code Section 10632.

Russian River Water Supply – Endangered Species Act. There continues to be competing interests for Russian River water, principally to protect steelhead and salmon listed as threatened species under the federal Endangered Species Act. The 2008 Biological Opinion ("**BiOp**") for the Russian River watershed, which outlined requirements to preserve, protect, and restore fisheries while maintaining existing water supplies, expired in September 2023. In response, Sonoma Water, the U.S. Army Corps of Engineers, and the Mendocino County Russian River Flood Control District submitted a new biological assessment to the National Marine Fisheries Service ("**NMFS**"). In April 2025, NMFS issued an updated BiOp and Essential Fish Habitat Response. The District continues to support efforts to protect fisheries while ensuring a reliable regional water supply.

Waste Discharge Requirements. Because there is no discharge to receiving waters, the Oceana Marin Sewer System operates under Waste Discharge Requirements ("**WDRs**") issued by the California Regional Water Quality Control Board, North Coast Region ("**RWQCB**"), rather than under an NPDES permit.

The current WDR governing the Oceana Marin Sewer System is set forth in Order No. 92-57 (ID No. 1880173MAR), adopted in 1992 based on the Water Quality Control Plan for the North Coast Region then in effect (adopted April 28, 1988). The Oceana Marin Sewer System disposal system lies within the watershed of the Estero de San Antonio, whose designated beneficial uses (municipal and domestic water supply, water contact recreation, and fish and shellfish habitat) are protective and inform the restrictions in Order No. 92-57, including a requirement that pond effluent be disinfected before entering the leach field.

The Oceana Marin Sewer System updated its Sewer System Management Plan ("**SSMP**") in August 2026 to be in compliance with the recently-adopted State Water Resource Control Board (SWRCB) Order No. 2022-0103-DWQ "Statewide Waste Discharge Requirements General order for Sanitary Sewer Systems".

Customer Base

The Novato Water System serves the greater City of Novato area and adjacent annexed areas. The Novato Recycled Water System serves large landscape irrigation and commercial customers within the Novato service area. The West Marin Water System serves the Point Reyes Station, Olema, Bear Valley, Inverness Park, and Paradise Ranch Estates communities in West Marin County, encompassing approximately 24 square miles, with an estimated population of 1,800. As of Fiscal Year 2024-25, the District provided water service to over 64,000 residents in the greater Novato area through approximately 21,000 potable water connections and 104 recycled water connections, and to approximately 1,800 residents in West Marin through 802 connections.

The following table shows customers by type for the District, broken out by the Novato Water System and all other component water systems combined.

Table 2
Customers by Type – Last Five Fiscal Years

	2021-22	2022-23	2023-24	2024-25	2025-26
Novato Water System – Single-Family Res.	18,552	18,686	18,719	18,731	18,747
Novato Water System – Multi-Family Res.	699	699	699	699	697
Novato Water System – Commercial/Business	1,232	1,228	1,240	1,234	1,237
Novato Water System – Government	217	218	217	218	219
Other[1]	1,121	1,127	1,135	1,147	1,150
Total	**21,821**	**21,958**	**22,010**	**22,029**	**22,050**

(1) Includes the Novato Recycled Water System, the West Marin Water System and Oceana Marin Sewer System.
Source: North Marin Water District, Audited Financial Statements for the Fiscal Year Ended June 30, 2025.

The District's ten largest customers by revenue, on a combined basis across the System, for Fiscal Year 2025-26, are shown below.

Table 3
Ten Largest Customers by Revenue
Fiscal Year 2025-26

No.	Account	Revenues	% of Total
1	Bay Club Stonetree (Recycled Water)	$526,660	1.71%
2	Novato Unified School District	525,269	1.70
3	City of Novato	511,523	1.66
4	Biomarin Pharmaceutical	411,250	1.33
5	Marin Country Club (Recycled Water)	353,500	1.15
6	Ncp Multifamily LLC	251,546	0.82
7	Indian Valley Golf Course (Raw Water)	217,166	0.70
8	Avanath Bay Vista LP	206,195	0.67
9	Commanding Officer	186,142	0.60
10	Marion Park Apts	182,439	0.59
	Total (Top Ten)	**$3,371,691**	**10.9%**
	Total Revenue (all systems)		**$30,915,000**

Source: North Marin Water District.

The following table shows billed water consumption for the District, broken out by the Novato Water System and all other component water systems combined.

Table 4
Billed Water Consumption (Million Gallons)
Fiscal Years 2021-22 through 2025-26

Total Billed Consumption	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**
Novato Water System	2,052	1,993	2,150	2,299	2,220
Other[1]	282	239	234	285	266
Total[2]:	**2,334**	**2,232**	**2,384**	**2,584**	**2,486**

(1) Includes the Novato Recycled Water System and the West Marin Water System.
(2) Totals may not add due to rounding.
Source: North Marin Water District, Adopted Budget Fiscal Year 2026-27.

Rates and Revenues

Rate Setting Process. The District is governed by a five-member Board of Directors, elected by division to overlapping four-year terms, which generally meets on the first and third Tuesday of each month. Water rate changes must comply with California Constitution Article XIII D, Section 6(b) ("**Proposition 218**"), which requires a detailed notice describing proposed charges to be mailed to each affected property owner or customer at least 45 days prior to a public hearing on the adoption of the charges. The District's consolidated Adopted Budget for Fiscal Year 2026-27 was adopted by the Board on June 16, 2026.

Water Systems. Each of the Novato Water System, Novato Recycled Water System, West Marin Water System is billed under its own two-part rate structure comprised of a fixed bi-monthly Service Charge (based on meter size) and a consumption-based Quantity Charge. Novato and West Marin potable water customers also pay an additional surcharge based on the elevation of the property and the corresponding need to pump water to higher elevations, called the "Elevation Zone Charge" in Novato and the "Hydraulic Zone Charge" in West Marin. The Novato Water System also serves a small raw water customer class (two customers) at a separate uniform rate. Recycled Water customers pay a uniform rate per thousand gallons. Both the 2024 Novato Rate Study and the 2025 West Marin Water Rate Study (each as defined below) were prepared by Hildebrand Consulting, LLC using the "commodity-demand" cost-of-service methodology promulgated in AWWA Manual M1, and were developed in compliance with Proposition 218.

Novato Water System

2024 Novato Rate Study. In 2024, the District retained Hildebrand Consulting, LLC to prepare the 2024 Novato and Recycled Water Rate Study, dated April 7, 2024 (the "**2024 Novato Rate Study**"). The 2024 Novato Rate Study's objectives were to (i) develop a multi-year financial management plan integrating operating and capital funding needs; (ii) identify rate adjustments to ensure adequate revenues; (iii) determine the cost of providing water service; (iv) update the District's rate structure for equity and legal compliance; and (v) introduce a pass-through provision to account for changing wholesale (Sonoma Water) costs. The current Residential rate structure uses three inclining-block tiers, with Tier 1 (0-262 gallons per day per dwelling unit) designed to recover the cost of imported Sonoma Water (the District's lowest-cost source, representing about 80% of typical usage), and Tiers 2 and 3 designed to recover the cost of treating local surface water at the Stafford Water Treatment Plant. The 2024 Novato Rate Study recommended replacing the prior seasonal Commercial rate with a simple, year-round uniform rate.

The pass-through provision allows the District to adjust the Residential Tier 1 and Commercial uniform rates each July 1 beginning in 2025 to reflect actual changes in Sonoma Water's wholesale rates, in addition to the District's own approved rate increase. The adjustment is a weighted blend of the District's rate increase and Sonoma Water's rate increase, using the share of each rate attributable to Sonoma Water costs (60.7% for Tier 1 and 45.6% for the uniform Commercial rate).

Current and Projected Rates – Novato Potable Water. The rate schedule recommended by the 2024 Novato Rate Study included increases of 8.5% effective July 1, 2024; 6.0% effective each of July 1, 2025 and July 1, 2026; and 4.0% effective each of July 1, 2027 and July 1, 2028. The recommended rate schedule for Fiscal Years 2024-25 through 2026-27 was adopted by the Board on June 18, 2024. The following table sets forth the Novato Water System's current Service Charges and Quantity Charges, reflecting the adopted rate increases through Fiscal Year 2026-27.

The percentage increases shown above apply to the District's own costs. The Tier 1 and Commercial uniform quantity charges effective as of the next approved rate increase will also include the Sonoma Water pass-through, which will be determined once Sonoma Water adopts its rates for that year.

The District anticipates holding a public hearing and approving an additional one-year rate increase of 4% plus the pass-through in June 2027, to be effective as of July 1, 2027.

Table 5
Novato Water System – Adopted Service and Quantity Charges

	Zone	7/1/2026
Bi-Monthly Service Charges by Meter Size		
5/8"	—	$65.60
1"	—	$118.79
1 1/2"	—	$207.45
2"	—	$313.83
3"	—	$597.52
4"	—	$916.67
6"	—	$1,803.19
8"	—	$2,335.10
Quantity Charges ($/TGAL)		
Residential Tier 1[(1)]	A/B/C	$8.04
Residential Tier 2[(2)] – Zone A	A	$10.29
Residential Tier 3 – Zone A	A	$15.22
Commercial – Uniform – Zone A	A	$8.60
Raw Water	—	$3.96
Temporary Meter	—	$11.32

(1) Allocation is 262 gpd/dwelling unit.
(2) Allocation is 458 gpd/dwelling unit.
Source: North Marin Water District, 2024 Novato Rate Study.

Comparison to Surrounding Communities. Set forth in the following tables are the average annual water charges for customers of the Novato Water System as of the effective date indicated, in comparison to surrounding communities.

Table 6
Novato Water System
Comparative Monthly Charges
(Single-Family Residential –6,500 Gallons/Month)

Water Provider	Effective	Fixed	Volume	Total
Marin Municipal Water District	July 1, 2024	$55.71	$84.99	$140.69
San Francisco Public Utilities Commission	July 1, 2024	22.19	99.91	122.10
City of Cloverdale	July 1, 2024	40.78	69.17	109.95
Mid-Peninsula Water District	July 1, 2023	28.00	80.82	108.82
Contra Costa Water District		39.93	53.62	93.55
City of Healdsburg	July 1, 2024	30.90	60.83	91.73
City of Vallejo	July 1, 2023	37.33	44.73	82.06
East Bay Municipal Utility District	July 1, 2023	32.70	46.71	79.41
Alameda County Water District	March 1, 2024	31.89	43.19	75.08
North Marin Water District	**July 1, 2024**	**29.20**	**45.57**	**74.76**
City of Sonoma	January 1, 2021	26.35	43.22	69.57
Valley of the Moon Water District	July 1, 2023	27.02	40.75	67.77
City of Fairfield	July 1, 2022	43.80	22.51	66.31
City of Rohnert Park	January 1, 2024	32.67	30.92	63.59
City of Cotati	June 15, 2024	28.37	31.59	59.96
City of Santa Rosa	July 1, 2023	14.95	43.10	58.05
Town of Windsor	July 1, 2024	13.95	23.08	37.03

Novato Recycled Water System

The 2024 Novato Rate Study also addressed the Recycled Water Enterprise, proposing a 5-year schedule of rate increases that mirrors the Novato Water System's schedule (8.5%, 6.0%, 6.0%, 4.0%, 4.0%). The recommended rate schedule for Fiscal Years 2024-25 through 2026-27 was adopted on June 18, 2024. The following table sets forth the Novato Recycled Water System's current Service Charges and Quantity Charges, reflecting the adopted rate increases through Fiscal Year 2026-27.

The District anticipates holding a public hearing an approving an additional one-year rate increase of 4% in June 2027, to be effective as of July 1, 2027.

Table 7
Novato Recycled Water System – Adopted Bi-Monthly Service Charge and Quantity Charge

	7/1/2026
Recycled Water – Uniform ($/TGAL)	$7.59
Bi-Monthly Service Charge – 5/8"	$95.59
Bi-Monthly Service Charge – 1"	$212.33
Bi-Monthly Service Charge – 1.5"	$406.88
Bi-Monthly Service Charge – 2"	$640.34
Bi-Monthly Service Charge – 3"	$1,262.91
Bi-Monthly Service Charge – 4"	$1,963.29
Bi-Monthly Service Charge – 6"	$3,908.80

Source: North Marin Water District, 2024 Novato Rate Study.

Under the Interagency Agreements, the sanitary districts are reimbursed for their actual operation and maintenance costs, and capital repair, replacement and expansion of the treatment facilities are funded separately. Following each fiscal year, the District deposits its net recycled water revenue (retail recycled water revenue less the District's direct and indirect operating expenses) into two capital replacement and expansion funds it maintains, one for the producer's treatment facility and one for the District's distribution facilities, allocated based on relative depreciation expense. Expenditures from either fund require the joint approval of the District and the applicable sanitary district. Under the Interagency Agreement with NSD, funds on deposit in the funds may also be used towards debt service payments.

West Marin Water System

2025 West Marin Water Rate Study. In 2025, the District retained Hildebrand Consulting, LLC to prepare the 2025 West Marin Water Rate Study, dated April 15, 2025 (the "**2025 West Marin Water Rate Study**"). Its recommendations included a recommended change from a three-tier to a two-tier Residential rate structure, and from a seasonal to a uniform Commercial rate. The 2025 West Marin Water Rate Study identified a revenue shortfall driven primarily by planned capital reinvestment.

Current and Projected Rates – West Marin. Effective July 1, 2026, West Marin Water System rates increased 19%, the second step of the five-year schedule of increases (19%/19%/19%/19%/15%, effective each July 1 from 2025 through 2029) recommended by the 2025 West Marin Water Rate Study. The recommended rate schedule for Fiscal Years 2025-26 through 2029-30 was adopted on June 17, 2025.

Table 8
West Marin Water System – Adopted Service and Quantity Charges

	7/1/2026	7/1/2027	7/1/2028	7/1/2029
Bi-Monthly Service Charges				
5/8"	$70.92	$84.39	$100.42	$115.48
1" Fire[(1)]	$70.92	$84.39	$100.42	$115.48
1"	$172.01	$204.69	$243.58	$280.12
1 1/2"	$340.48	$405.17	$482.15	$554.47
2"	$542.65	$645.75	$768.44	$883.71
3"	$1,081.77	$1,287.31	$1,531.90	$1,761.69
4"	$1,688.28	$2,009.05	$2,390.77	$2,749.39
Quantity Charges ($/TGAL)				
Residential Tier 1[(2)]	$16.30	$19.40	$23.09	$26.55
Residential Tier 2	$21.14	$25.16	$29.94	$34.43
Commercial – Uniform	$17.25	$20.53	$24.43	$28.09
Hydraulic Zone Charge – Zone 3	$1.18	$1.40	$1.67	$1.92
Hydraulic Zone Charge – Zone 2	$3.37	$4.01	$4.77	$5.49
Hydraulic Zone Charge – Zone 4	$10.72	$12.76	$15.18	$17.46
Temporary Meter	$24.50	$29.16	$34.70	$39.91

(1) Only for 1" residential meters upsized from 5/8" due to fire code requirements.
(2) Allocation is 250 gallons per day per dwelling unit.
Source: 2025 West Marin Water Rate Study.

Oceana Marin Sewer System

Current and Projected Rates – Oceana Sewer. The Oceana Marin Sewer System rates are comprised solely of a fixed charge. A 9.7% rate increase (to $1,724/year) in the Oceana Marin (OM) Sewer Service Charge was effective as of July 1, 2026. The increase was approved by the Board of Directors at a public hearing on June 16, 2026. The budget projects a new connection every other year, with one new connection budgeted in Fiscal Year 2026-27. The District's current 5-year financial plan includes annual rate increases of 9.7% through Fiscal Year 2030-31 and assumes borrowing to complete the Capital Improvement Program.

Other Revenues and Receivables

MMWD Interconnection. In 2014, the District entered into an agreement with MMWD to fund a portion of the cost to replace 24,000 feet of the District's aqueduct. The charges were finalized, the repayment schedule was updated, and the accrual was recorded in Fiscal Year 2018-19. MMWD uses the District's aqueduct to take water delivery from Sonoma Water, utilizing on average 51% of the water flowing through the aqueduct annually, and will benefit from continued use of the aqueduct through 2040 in exchange for its funding contribution (an initial payment of $480,000 and a financed amount of $3,142,883, repayable to the District at 2.71% interest through July 2032). Principal and interest payments of $205,320 are due annually from MMWD to the District on July 1.

Marin Country Club Reimbursement. In 2015, the District entered into a contractual agreement with the Marin Country Club ("**Country Club**"), whereby the Country Club agreed to reimburse the District for construction costs incurred for a new recycled water facility in-lieu of connection fees. The Country Club is the primary customer of the Central Service Area pipeline.

The terms of this reimbursement agreement align with the terms of the District's related RW SWRCB Agreement.

Community Land Trust of West Marin (CLAM). In 2025, the District sold a residential property to Community Land Trust of West Marin ("**CLAM**") for $800,000. CLAM made a downpayment of $160,000. The remaining $640,000, 4.0% loan will be paid monthly at $6,480 for 3 years, followed by a final payment of $474,050 in January 2028.

Marin County Service Line Reimbursement. The District anticipates spending approximately $2.5 million to replace the Stafford Lake Park Service Line in Fiscal Year 2027-28. See "– Capital Improvement Program" below. Pursuant to the terms of an agreement between the District and Marin County in 1976, Marin County is responsible for the replacement of that line, and the District expects it will enter into a reimbursement agreement with Marin County to reimburse the District's expenditures on the project.

Capital Improvement Program

The District's Fiscal Year 2026-27 Capital Improvement Program ("**CIP**") budget includes projects recommended for the Novato Water System, Novato Recycled Water System, West Marin Water System and Oceana Marin Sewer System. Over the current fiscal year and the next five years, Novato Water's CIP expenditure plan averages $3,588,000 annually in internally funded ("pay-go") projects, and the West Marin Water System's CIP averages $552,000 annually in internally funded projects, with most West Marin projects funded by grants and loans; Recycled Water's net internally funded CIP spending over this period is minimal.

Table 9

Capital Improvement Program – Total Projected Capital Spending
Fiscal Years 2026-27 through 2030-31

	Fiscal Year 2026-27	Fiscal Year 2027-28	Fiscal Year 2028-29	Fiscal Year 2029-30	Fiscal Year 2030-31
Novato Water	$6,930,000	$12,740,000	$9,315,000	$5,425,000	$3,550,000
Novato Recycled Water	$100,000	$500,000	$100,000	$100,000	$100,000
West Marin Water	$1,235,000	$1,480,000	$1,350,000	$1,625,000	$2,850,000
Oceana Sewer	$65,000	$50,000	$25,000	$75,000	$140,000
Total	**$8,330,000**	**$14,770,000**	**$10,790,000**	**$7,225,000**	**$6,640,000**

Source: North Marin Water District, Adopted Budget Fiscal Year 2026-27.

Novato Water System – Major Projects

- Novato Boulevard Widening, Diablo to Grant (pipeline relocation/upsizing);
- Lynwood Pump Station Replacement;
- Hydropneumatic system upgrades (Bahia and Hayden pressure zones);
- Multiple pipeline replacement projects (including the Stafford Lake Park Service Line) identified in the District's 2025 Water System Master Plan Update; and
- Stafford Water Treatment Plant PLC replacement and related improvements.

Novato Recycled Water System – Major Projects

- Replacement of approximately 1,320 linear feet of cast iron pipe on Atherton Avenue (design budgeted in Fiscal Year 2026-27 at $75,000; construction estimated at $475,000 in Fiscal Year 2027-28), funded by the Capital Replacement and Expansion Fund.

West Marin Water System – Major Projects

- Lagunitas Creek Bridge Pipe Replacement (required by Caltrans);
- Olema Creek Bridge Pipe Replacement (required by the County of Marin);
- Gallagher Well No. 3 (replaces the failing Gallagher Well No. 1);
- Point Reyes Water Treatment Plant rehabilitation (interim improvements and future major modifications); and
- tank replacements at Olema, Paradise Ranch Estates, and Point Reyes Station.

Oceana Marin Sewer System – Major Projects

- Sewer Force Main Improvements (Design Only)
- Tahiti Pump Replacement
- Pump Station Electric Service Improvements

Outstanding Indebtedness

The District's outstanding long-term debt applicable to the System, as of June 30, 2026, is summarized below:

Debt related to projects for Novato Water System:

- Funding Agreement between California Department of Water Resources and North Marin Water District (Contract No. SRF01CX124), dated April 13, 2004 (the "**2004 DWRB Agreement**"), outstanding in the amount of $3,487,002. The proceeds of the 2004 DWRB Agreement were used in connection with the reconstruction of the Stafford Water Treatment Plant for the Novato Water System;

- Loan Agreement between the District and JPMorgan Chase Bank, N.A., dated March 22, 2018 (the "**2018 JPM Agreement**"), outstanding in the amount of $2,380,000. The proceeds of the 2018 JPM Agreement were used in connection with a project to install an automated meter information system for the Novato Water System; and

Debt related to projects for Novato Recycled Water System:

- State Water Resources Control Board Agreement, executed July 2006 (Agreement #05-808-550-0) (the "**2006 SWRCB Agreement**"), outstanding in the amount of $266,958. The proceeds of the 2006 SWRCB Agreement were used in connection with constructing the Deer Island Recycled Water Facility for the Novato Recycled Water System;

- State Water Resources Control Board Agreements (Agreement Numbers: 11-816-550, 11-811-550-2, 11-820-550-2, 11-814-550, 11-841-550-1, 11-842-550-1, 11-843-550), as amended (the "**RW SWRCB Agreements**"), collectively outstanding in the amount of $3,863,655. The proceeds of the RW SWRCB Agreements were used in connection with expansion projects for the Novato Recycled Water System;

- State Water Resources Control Board Installment Sale Agreement, dated April 12, 2016 (Agreement #D15-01034) (the "**2016 SWRCB Agreement**"), outstanding in the amount of $5,421,800. The proceeds of the 2016 SWRCB Agreement were used in connection with expansion projects for the Central Zone of the Novato Recycled Water System;

Debt related to projects for District headquarters:

- Loan Agreement between the District and Webster Bank, dated May 31, 2022 (the "**2022 Webster Bank Agreement**"), outstanding in the amount of $16,789,561. The proceeds of the 2022 Webster Bank Agreement were used in connection with the District's headquarters building upgrade and expansion project, and other capital projects.

Subordinated (unsecured debt):

- Construction Loan Agreement between the District and the Bank of Marin, executed October 2011 ("**Bank of Marin Unsecured Loan"**), outstanding in the amount of $2,691,506. The proceeds of the Bank of Marin Unsecured Loan were used in connection with the North Marin Aqueduct Energy Efficiency Project and West Marin water improvements. The Bank of Marin Unsecured Loan is not secured by a pledge of revenues of the System and is subordinate to the 2026 Bonds and the existing Parity Obligations, so is not included in the Debt Service Coverage Ratio in Table 11 below.

Funds and Reserves

The District maintains formal reserve policies (last revised May 1, 2018) establishing separate reserve targets for each enterprise, summarized below. The District anticipates that it will replenish its reserve balances following the issuance of the 2026 Bonds, as shown in the Projected Balance as of the Closing Date column below:

Table 10
Reserve Targets and Fund Balances

	Reserve	Target / Minimum	Balance as of June 30, 2026	Projected Balance as of Closing Date
Novato Water	Operating Reserve (minimum – 4 months of budgeted O&M)	$6,900,000	$4,602,512	$7,011,000
Novato Water	OPEB Liability Reserve (2023 actuarial accrued liability)	$4,300,000	4,327,665	4,327,665
Novato Water	Liability Contingency Reserve	$2,000,000	350,000	350,000
Novato Water	**Total Minimum Reserves**	**$13,200,000**	**$9,280,177**	**$11,688,665**
Novato Water	Maintenance Accrual Fund Reserve (target, not minimum)(1)	$4,000,000	$0	$0
Novato Recycled Water	Operating Reserve (minimum – 4 months of budgeted O&M)	$227,000	$225,000	$229,000
Novato Recycled Water	Capital Replacement & Expansion Fund (NMWD's minimum share)(2)	$500,000	$2,497,456	$2,497,456
West Marin Water	Operating Reserve (minimum – 4 months of budgeted O&M)	$307,000	$0	$307,000
West Marin Water	Liability Contingency Reserve (minimum – proportionate share)	$99,000	$0	$99,000
West Marin Water	**Total Minimum Reserves**	**$406,000**	**$0**	**$406,000**
West Marin Water	Maintenance Accrual Fund Reserve (target, not minimum)	$1,860,000	$0	$93,000
Oceana Sewer	**Total Minimum Reserves**	**$143,000**	**$143,000**	**$143,000**

(1) Written policy target is $2.5 million; the District has increased the operating target to $4.0 million given its planned increase in pay-go capital spending.

(2) Required by Interagency Agreements with NSD and LGVSD; separate funds are maintained for each of the three agencies (NMWD, NSD, LGVSD), allocated proportionately by each agency's depreciation expense. As of June 30, 2026, the cash balance for NSD plus LGVSD was $3,275,495.

Source: 2024 Novato Rate Study; 2025 West Marin Water Rate Study.

For each enterprise, the Operating Reserve (and, for the Novato Water System, the OPEB Liability and Liability Contingency Reserves; for the West Marin Water System, the Liability Contingency Reserve) are intended to be fully funded at all times to protect against unexpected expenses or events. The Maintenance Accrual Fund Reserve (Novato Water System and West Marin Water System) and Capital Replacement & Expansion Fund (Novato Recycled Water) are instead treated as flexible targets designed to smooth peaks and valleys in pay-go capital spending.

Pro Forma Debt Service Coverage

The following table provides a pro forma statement of debt service coverage developed by the District, based on the definitions of Gross Revenues and Operations and Maintenance Costs set forth in the legal documents governing the 2026 Bonds (which excludes depreciation and other non-cash items). *The following contains estimated amounts for projected figures, which may vary considerably from actual results. Projected figures are generally based on the District's most recent budgetary forecasts.*

Table 11
Pro Forma Historical and Projected Debt Service Coverage
Fiscal Years 2021-22 through 2025-26 and Projected 2026-27 through 2030-31[1]

	Actual				Preliminary	Budget	Forecast			
	2021-22	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**	**2030-31**
Gross Revenues										
Water Consumption Sales[2]	$16,405,015	$16,537,824	$18,516,024	$21,012,003	$21,392,935	$22,861,000	$23,650,000	$24,468,000	$25,143,000	$25,664,000
Bi-Monthly Meter Service Charge[2]	6,517,572	7,017,426	7,713,543	8,932,174	9,521,759	10,163,000	10,638,000	11,137,000	11,568,000	12,030,000
Connection Fees[3]	961,980	437,680	1,114,170	215,510	97,260	807,000	5,000,000	5,052,000	500,000	552,000
Sewer Service Charge	290,460	304,560	324,264	347,256	378,066	417,000	458,000	504,000	553,000	609,000
Other Charges and Services	374,734	384,901	409,296	371,539	479,638	500,000	493,000	497,000	501,000	506,000
Investment Earnings	(415,864)	1,358,483	1,880,499	1,298,588	900,011	576,000	503,000	457,000	466,000	474,000
Fair Market Value Adjustment Reversal	623,484	(213,960)	(361,065)	(47,387)	-	-	-	-	-	-
Other Revenues[4]	255,120	224,747	433,418	312,536	629,078	327,000	337,000	821,000	357,000	378,000
Total Gross Revenues	**$25,012,501**	**$26,051,661**	**$30,030,149**	**$32,442,219**	**$33,398,747**	**$35,651,000**	**$41,079,000**	**$42,936,000**	**$39,088,000**	**$40,213,000**
Operating Expenditures[5]										
Source Supply	6,450,873	5,001,982	6,727,290	9,083,224	8,405,987	8,374,000	8,393,000	8,412,000	8,431,000	8,451,000
Pumping	522,717	493,027	673,751	893,129	916,087	977,000	1,006,000	1,036,000	1,066,000	1,098,000
Water Facilities Operations	1,385,267	678,573	1,339,286	1,780,879	1,574,024	1,820,000	1,875,000	1,932,000	1,990,000	2,050,000
Water Treatment	2,588,135	2,353,464	2,680,626	2,954,272	3,253,808	3,871,000	3,499,000	3,998,000	3,616,000	4,130,000
Transmission & Distribution	4,556,025	2,913,847	4,309,545	4,643,209	4,355,551	5,206,000	5,363,000	5,524,000	5,690,000	5,860,000
Sewage Collection & Treatment	219,023	220,375	277,564	275,886	316,422	328,000	339,000	350,000	361,000	372,000
Customer Service	501,005	386,333	533,526	593,847	627,006	759,000	781,000	804,000	829,000	853,000
General & Administrative[6]	4,877,009	3,499,861	5,326,073	6,417,239	5,910,885	4,408,000	4,438,000	4,571,000	4,708,000	4,894,000
Water Conservation	563,288	320,597	473,303	512,022	511,933	561,000	578,000	595,000	613,000	631,000
Adjustments:[4]										
Less: Capital Expenses	-	-	-	-	-	-	-	-	-	-
Non-Cash GASB Pension Reversal	(2,682,884)	3,500,173	(624,653)	(921,972)	-	-	-	-	-	-
Non-Cash GASB OPEB Reversal	(2,769)	(24,891)	(106,908)	29,500	-	-	-	-	-	-
Total Operating Expenditures	**18,977,689**	**19,343,341**	**21,609,403**	**26,261,235**	**25,871,703**	**26,304,000**	**26,272,000**	**27,222,000**	**27,304,000**	**28,339,000**
Net Revenues	**$6,034,812**	**$6,708,320**	**$8,420,746**	**$6,180,984**	**$7,527,044**	**$9,347,000**	**$14,807,000**	**$15,714,000**	**$11,784,000**	**$11,874,000**

(Table 11 continued on next page)

Debt Service[7]										
2004 DWRB Agreement	1,044,474	1,044,474	1,044,474	1,044,474	1,044,474	1,044,474	1,044,474	1,044,474	522,237	-
2006 SWRCB Agreement	273,367	273,367	273,367	273,367	273,367	273,367	-	-	-	-
2011 RW SWRCB Agreement (4)(Recycled Water - North)	281,892	281,892	281,892	281,892	281,892	281,892	281,892	281,893	281,893	281,893
2011 RW SWRCB Agreement (3)(Recycled Water - South)	332,407	332,407	332,407	332,407	332,407	332,407	332,406	332,406	332,407	332,406
2016 SWRCB Agreement (Recycled Water - Central)	275,773	275,773	275,773	275,773	275,773	275,773	275,773	275,773	275,773	275,773
2018 JPM Agreement	378,027	375,630	378,098	380,297	377,227	379,022	375,549	376,941	378,064	378,918
2022 Webster Bank Agreement	-	1,347,897	1,347,896	1,347,897	1,347,896	1,347,896	1,347,897	1,347,897	1,347,897	1,347,897
2026 Bonds*						1,360,000	1,360,000	1,360,000	1,360,000	1,360,000
Total Debt Service	**$2,585,940**	**$3,931,439**	**$3,933,907**	**$3,936,107**	**$3,933,036**	**$5,294,831**	**$5,017,991**	**$5,019,383**	**$4,498,270**	**$3,976,886**
Debt Service Coverage (1.2x Minimum)	**2.33x**	**1.71x**	**2.14x**	**1.57x**	**1.91x**	**1.77x**	**2.95x**	**3.13x**	**2.62x**	**2.99x**

* Preliminary, subject to change.

(1) For purposes of these projections related to the Novato Water System, neither Gross Revenues nor Source Supply expenditures reflect increases in costs from Sonoma Water wholesale rates, because the District has the ability to account for those increases with its pass-through rate provisions, which went into effect in Fiscal Year 2025-26. See " – Rates and Revenues – Novato Water System."

(2) Assumes rate increases of 6% in Fiscal Year 2026-27, 4% in Fiscal Years 2027-28 and 2028-29, and 3% in Fiscal Years 2029-30 and 2030-31.

(3) The substantial projected increases in Fiscal Years 2027-28 and 2028-29 are due to the Fireman's Fund land redevelopment project, which is expected to connect to the Novato Water System during those Fiscal Years.

(4) Includes property tax, rental, Regulation 15 forfeiture, and other non-operating revenues.

(5) Operating Expenditures (other than Source Supply expenditures, discussed in Footnote 1 above) are assumed to increase by 3% annually.

(6) Elevated in Fiscal Year 2023-24 through 2025-26 due to temporary increases in rent, furniture purchases, and other one-time purchases related to completion of new District headquarters building. In addition, a portion of the non-cash GASB adjustments impacted these costs.

(7) Excludes 2011 Loan from the Bank of Marin because it is not secured by a pledge of Net Revenues. The annual debt service is $552,800 annually and matures in Fiscal Year 2030-31.

Source: District.

BOND OWNERS' RISKS

The following describes certain special considerations and risk factors affecting the payment of and security for the 2026 Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of any 2026 Bonds and the order presented does not necessarily reflect the relative importance of the various risks. Potential investors in the 2026 Bonds are advised to consider the following special factors along with all other information in this Official Statement in evaluating the 2026 Bonds. There can be no assurance that other considerations will not materialize in the future.

System Demand

There can be no assurance that the demand for water services will occur as described in this Official Statement. Reduction in levels of demand could require an increase in rates or charges of the District to comply with the covenants to fix rates and charges. Increases in rate and charges for non-wholesale customers requires compliance with Proposition 218.

System Supply; Droughts

California is subject to droughts from time to time. Since 2000, the longest duration of drought (in varying levels of intensity) in California lasted 376 weeks, beginning in December 2011 and ending in early March 2019. The most intense period of drought occurred the week of July 29, 2014, with extreme drought conditions experienced in over half the state. More recently, drought conditions and mandatory water restrictions have existed at various times, including during the 2014-2017 and 2021-2023 drought periods.

A substantial majority of the Novato Water System's supply is imported Russian River water purchased from Sonoma Water pursuant to a Restructured Agreement for Water Supply. Sonoma Water's ability to deliver this water is constrained by, among other things, minimum Russian River instream flow requirements for fisheries protection, Lake Mendocino and Lake Sonoma storage levels, and the terms of Sonoma Water's own water rights permits. In particular, those permits require Sonoma Water to impose a mandatory 30% reduction in Russian River deliveries to its entire service area, including the District, if Lake Sonoma storage falls below 100,000 acre-feet before July 15 of any year. In the event of such a shortage, Sonoma Water allocates the reduced supply among its customers, including the District, pursuant to a Water Shortage Allocation Methodology adopted by its Board of Directors (most recently updated in 2021).

The District has previously been required to curtail water use in response to statewide and regional drought conditions. The District's 2025 Urban Water Management Plan projects that Novato Water System supplies will be sufficient to meet projected demand through 2050 under normal, single-dry-year, and five-consecutive-dry-year hydrologic conditions. This projection assumes, however, that available supply will be curtailed as necessary to exactly match demand in dry years, and there can be no assurance that actual future hydrologic, regulatory, or contractual conditions will match the assumptions underlying this projection.

The West Marin Water System's supply is derived entirely from local groundwater wells and does not depend on Sonoma Water or any other imported supply, and is accordingly not subject to the risks described above; the Coast Guard Wells have, however, periodically experienced salinity intrusion unrelated to drought conditions (see "THE SYSTEM" above).

No assurance can be given that drought conditions, mandatory conservation requirements, or reductions in Sonoma Water deliveries to the District will not occur in the future. Any of the foregoing could require the District to impose mandatory conservation measures,

increase its reliance on more costly supply sources, or otherwise adversely affect the District's water supply and related revenues. See also "— Seismic and other Natural Disasters" and "— Potential Impact of Climate Change" below.

Revenues; Rate Covenant

The Revenues securing the 2026 Bonds consist primarily of Installment Payments payable by the District, which, in turn, are secured by the Net Revenues of the System. Net Revenues are dependent upon the demand for water usage, which can be affected by population factors and climatic conditions such as droughts. There can be no assurance that demand for water usage will be consistent with the levels contemplated in this Official Statement. A decrease in the demand for water could require an increase in rates or charges in order to comply with the rate covenants contained in the Installment Sale Agreement. The District's ability to meet its rate covenants is dependent upon its capacity to increase rates without driving down demand to a level insufficient to meet debt service on the Installment Payments and Parity Obligations.

Operations and Maintenance Costs; Third-Party Sources of Water Supply

There can be no assurance that expenses of the System will be consistent with the levels contemplated in this Official Statement. In particular, the District currently obtains a substantial portion of the water for the System from the Sonoma Water, and therefore the District may have less control over the expenses attributable to its water supply than if the District directly controlled its water. In addition, Recycled Water services are made available to customers by virtue of the Interagency Agreements with Novato Sanitary District and Las Gallinas Valley Sanitary District, whereby the sanitary districts provide tertiary treated wastewater and NMWD conveys the recycled water to end users. In the event the District's infrastructure, including the plants, are not maintained and operated properly or are subject to natural disasters or other issues, District operations and revenues attributable to water sales could be impacted.

In addition to its purchased water expenses, changes in technology, changes in quality standards, and increases in the cost of operation or other expenses could require substantial increases in rates or charges in order to comply with the rate covenants in the Installment Sale Agreement. Until such rates can be implemented, Net Revenues may be reduced, increasing the possibility of nonpayment of the Installment Payments and, in turn, the 2026 Bonds.

Limitations on Remedies Available to Bond Owners

The ability of the District to comply with its covenants under the Installment Sale Agreement and to generate Net Revenues sufficient to pay principal of and interest on the Installment Payments and Parity Obligation 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 payers of assessments, fees and charges. Furthermore, any remedies available to the owners of the 2026 Bonds upon the occurrence of an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on Bondholder remedies contained in the Indenture, the rights and obligations of the Authority under the Indenture may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies

in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the 2026 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Seismic and other Natural Disasters

General. Natural disasters, such as seismic events, flooding, landslides or wildfires, could affect economic activity in the District, and could have a negative impact on District finances. There can be no assurance that the occurrence of any natural calamity would not cause substantial interference to and costs for the District and the System.

Seismic. The District is located in a seismically active area of California. If there were to be an occurrence of severe seismic activity in the area of the District, such an occurrence may adversely affect economic activity in the District, and could have a negative impact on District finances. The District could be at risk from strong ground motion and secondary effects related to a seismic event, including ground failure (such as landslide, liquefaction, lateral spreading, lurching and differential settlement) and seismically induced flooding (such as flooding from a dam failure). Such seismic activity could affect the District's infrastructure and its ability to deliver water, as well as customers' demand and ability to make payments.

Wildfires. The District also has exposure to wildfire risk. Southern and western portions of the City of Novato are within a CAL FIRE-designated High Fire Severity Zone, and the District's own 2025 facility risk assessment rates its Stafford Lake Water Treatment Plant, together with several of its water storage tanks and its San Marin Pump Station, as having "high" wildfire vulnerability; the District's overall annualized wildfire threat likelihood is separately rated "medium" in that same assessment. The District's Stafford Lake Dam is regulated by the State's Division of Safety of Dams, and the District updated its Emergency Action Plan for the dam in 2021 in coordination with the Division of Safety of Dams and the California Office of Emergency Services. The District participates in, and the risks facing its water system are assessed under, the Marin County Operational Area Multi-Jurisdictional Hazard Mitigation Plan (2023); a significant portion of the District's imported water supply also depends on Sonoma Water's infrastructure, which is separately assessed under Sonoma Water's own Local Hazard Mitigation Plan (2024) as facing material wildfire-related vulnerabilities. No assurance can be given regarding any impact a wildfire would have on District facilities, revenues, and expenses.

Many areas of Northern California, including the North Bay region in which the District is located, have suffered from major wildfires in recent years. In addition to their direct impact on health, safety, and property, wildfire smoke has periodically impacted air quality and quality of life throughout the Bay Area, and may have short-term and future impacts on commercial activity within the District. These fires have been driven in large measure by drought conditions and low humidity, and have also led PG&E to conduct Public Safety Power Shutoff events in fire-prone areas, which can affect the District's pumping and treatment operations; the District is evaluating distributed energy resources (solar generation paired with battery storage) to improve operational resilience during such events. Experts expect that California will continue to be subject to wildfire conditions year over year as a result of changing weather patterns due to climate change.

Droughts. California is subject to droughts from time-to-time. See "– System Supply; Droughts," above.

Climate Change. District finances may be negatively impacted by climate change. See "– Potential Impact of Climate Change," below.

Potential Impact of Climate Change

The issue of climate change has become an important factor in water resources planning in the State. There is evidence that increasing concentrations of greenhouse gases have caused and will continue to cause a rise in temperatures around the world, which will result in a wide range of changes in climate patterns. Moreover, there is evidence that a warming trend occurred during the latter part of the 20th century and will likely continue through the 21st century. These changes will have a direct effect on water resources in the State, and numerous studies on climate and water in the State have been conducted to determine the potential impacts.

Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common, and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. For example, the Fourth National Climate Assessment, published by the U.S. Global Change Research Program, in November 2018 (NCA4) finds that more frequent and intense extreme weather and climate-related events, as well as changes in average climate conditions, are expected to continue to damage infrastructure, ecosystems and social systems over the next 25 to 100 years.

Loss of Tax-Exemption

As discussed under the caption "TAX MATTERS," interest on the 2026 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the 2026 Bonds were issued, as a result of future acts or omissions of the Authority or District in violation of its covenants in the Installment Sale Agreement and Indenture. Should such an event of taxability occur, the 2026 Bonds are not subject to special redemption and will remain outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

Proposition 218

General. On November 5, 1996, California voters approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State Constitution, which affect the ability of local governments to levy and collect both existing and future taxes, assessments, and property-related fees and charges. Proposition 218, which generally became effective on November 6, 1996, limited local governments' authority to impose or increase property-related "fee" or "charge," which is defined as "any levy other than an ad valorem tax, a special tax or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service" (and referred to in this section as a "property-related fee or charge").

Specifically, under Article XIIID, before a municipality may impose or increase any property-related fee or charge, the entity must give written notice to the record owner of each parcel of land affected by that fee or charge. The municipality must then hold a hearing upon the proposed imposition or increase at least 45 days after the written notice is mailed, and, if a majority of the property owners of the identified parcels present written protests against the proposal, the municipality may not impose or increase the property-related fee or charge.

Further, under Article XIIID, revenues derived from a property-related fee or charge may not exceed the funds required to provide the "property-related service" and the entity may not use such fee or charge for any purpose other than that for which it imposed the fee or charge. The amount of a property-related fee or charge may not exceed the proportional cost of the service attributable to the parcel, and no property-related fee or charge may be imposed for a service unless that service is actually used by, or is immediately available to, the owner of the property in question.

In addition, Article XIIIC states that "the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives."

Judicial Interpretation of Proposition 218. After Proposition 218 was enacted in 1996, appellate court cases and an Attorney General's opinion initially indicated that fees and charges for water and wastewater services, which are based on the amount of services consumed, would not be considered property-related fees and charges, and thus not subject to the requirements of Article XIIID. However, numerous subsequent court cases have held that certain types of water and wastewater charges could be subject to the requirements of Proposition 218. These cases include, for example, *Capistrano Taxpayers Assoc., Inc. v. District of San Juan Capistrano* (186 Cal. Rptr. 3d 362 (Cal. App. 4th Distr. 2015)), *Bighorn-Desert View Water Agency v. Verjil* (46 Cal. Rptr. 3d 73 (Cal. 2006)), and *Howard Jarvis Taxpayers Assoc. v. District of Fresno* (26 Cal. Rptr. 3d 153 (Cal. App. 5th Distr. 2005)).

Under the *Bighorn* case, for example, the court held that under Article XIIIC, local voters could adopt an initiative measure that could reduce or repeal a local agency's rates and charges, though it is not clear whether (and California courts have not decided whether) any such reduction or repeal by initiative would be enforceable in a situation in which such rates and charges are pledged to the repayment of bonds or other indebtedness, as is the case with respect to the Installment Payments securing the 2026 Bonds.

Under the *District of San Juan Capistrano* case, the court held that tiered or inclined rates that go up progressively in relation to usage must correspond to the actual cost of providing water service at each tier (level of usage), and accordingly the pricing for any tier cannot exceed the cost of service to that tier.

District's Current Practice Regarding Rates and Charges. The District's practice in implementing increases in water rates and charges has been to comply with the requirements of Article XIIID, including the practice of providing property owners with a 45-day mailed notice and public hearing before the District Board of Directors approves rate increases.

Conclusion. It is not possible to predict how courts will further interpret Article XIIIC and Article XIIID in future judicial decisions, and what, if any, further implementing legislation will be enacted. As noted above, under the *Bighorn* case, local voters could adopt an initiative measure that reduces or repeals the District's rates and charges, though it is not clear whether (and California courts have not decided whether) any such reduction or repeal by initiative would be enforceable in a situation in which such rates and charges are pledged to the repayment of bonds or other indebtedness, as is the case with respect to the Installment Payments securing the 2026 Bonds. ***There can be no assurance that the courts will not further interpret, or the voters will not amend, Article XIIIC and Article XIIID to limit the ability of local agencies to impose, levy, charge and collect increased fees and charges for water, or to call into question previously adopted water rate increases.***

Environmental Regulation

The supply of water by the District through the System is regulated, to a large extent, by the federal government and the State. Water treatment standards set forth in federal and State law control the operations of the System (and the wholesale water providers that supply water to the System) and mandate its use of technology. If the federal government, acting through the Environmental Protection Agency, or the State, acting through the State Water Resources Control Board, Division of Drinking Water, or additional federal or State legislation, should impose stricter

standards upon the System, the District's expenses related to the System could increase accordingly and rates and charges would have to be increased to offset those expenses. See "– Operations and Maintenance Costs; Third-Party Sources of Water Supply" above.

It is not possible to predict the direction which federal or State regulation will take with respect to water standards, although it is likely that both will impose more stringent standards with attendant higher costs.

Pandemic Diseases

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. Pandemic diseases arising in the future could have significant adverse health and financial impacts throughout the world, leading to loss of jobs and personal financial hardships, and/or actions by federal, State and local governmental authorities to contain or mitigate the effects of an outbreak.

Government assistance programs may include deferral of due dates of property taxes and water rate charges, which were both programs implemented during the recent COVID-19 pandemic, and with or without a deferral some ratepayers within the District may be unable to make their property tax payments or pay their water bills. No assurance can be given that the property tax payment dates or water bill payment dates will not be deferred in the future, which may cause a delay in the receipt of revenues to the District.

Cybersecurity

The District, like most other public entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the District is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. The District has proactive cybersecurity protocols, including: key staff receive daily emails from Cybersecurity Infrastructure Security Agency (CISA); NMWD's Risk and Resilience Assessment and Emergency Response Plan include sections on cybersecurity awareness, mitigation and recovery; Board Policy Number 40 was updated in 2024 to include cybersecurity protocols and required training; and NMWD participates in the CISA Cyber Hygiene Assessment Program. The District maintains insurance coverage for loss resulting from cyber security incidents, however no assurance can be given that the District's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the District, or the administration of the 2026 Bonds.

The District is also reliant on other entities and service providers in connection with the operation of the System and the administration of the 2026 Bonds, including without limitation, the District's wholesale water provider, the Trustee and the dissemination agent. No assurance can be given that the District and these other entities will not be affected by cyber threats and attacks in a manner that may affect the 2026 Bond owners.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the 2026 Bonds or, if a secondary market exists, that any 2026 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is

being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

Future Parity Obligations

As described in "SECURITY FOR THE 2026 BONDS – Parity Obligations" above, the Installment Sale Agreement permits the District to issue Parity Obligations in the future that are secured and payable on parity with the payment of the Installment Payments securing the 2026 Bonds. In the event of a decline in Net Revenues available to pay the Installment Payments securing the 2026 Bonds, the existence of additional Parity Obligations could adversely affect the District's ability to timely pay the Installment Payments securing the 2026 Bonds.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall LLP, as Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2026 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the 2026 Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the Authority and the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the 2026 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Authority and District have made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2026 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2026 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a 2026 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2026 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2026 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2026 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2026 Bonds who purchase the 2026 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2026 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2026 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such 2026 Bonds is sold to the public.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the 2026 Bond (said term being the shorter of the 2026 Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2026 Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2026 Bond is amortized each year over the term to maturity of the 2026 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized bond premium is not deductible for federal income tax purposes. Owners of premium 2026 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2026 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2026 Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2026 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2026 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the 2026 Bonds, or as to the consequences of owning or receiving interest on the 2026 Bonds, as of any future date. Prospective purchasers of the 2026 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the 2026 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2026 Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the 2026 Bonds, the ownership, sale or disposition of the 2026 Bonds, or the amount, accrual or receipt of interest on the 2026 Bonds.

CERTAIN LEGAL MATTERS

Jones Hall LLP, Bond Counsel, will render an opinion with respect to the validity of the 2026 Bonds, the form of which opinion is set forth in APPENDIX E. Certain legal matters will also be passed upon for the District by Jones Hall LLP, as Disclosure Counsel and by the District Counsel. The fees of Bond Counsel and Disclosure Counsel are contingent on the sale and closing of the 2026 Bonds.

LITIGATION

No litigation is pending or threatened concerning the validity of the 2026 Bonds. Neither the Authority nor the District is aware of any litigation pending or threatened questioning the political existence of the Authority or the District or contesting the District's power to fix water rates and charges, or the power of the governing body of the Authority or the Board of Directors of the District or in any way questioning or affecting: (i) the proceedings under which the 2026 Bonds are to be issued; (ii) the validity of any provision of the 2026 Bonds, the Installment Sale Agreement or the Indenture; (iii) the pledge of Net Revenues under the Installment Sale Agreement or the pledge of Revenues under the Indenture; or (iv) the titles to office of the present members of the governing body of the Authority or the Board of Directors of the District.

There is no litigation pending, with service of process having been accomplished, against the District which if determined adversely to the District would, in the opinion of the District, materially impair the ability of the District to pay the Installment Payments securing the 2026 Bonds as they become due.

RATING

S&P Global Ratings, a business unit of S&P Global Ratings ("**S&P**"), has assigned its municipal bond rating of "AA" to the 2026 Bonds.

The rating reflects only the view of S&P, and an explanation of the significance of the rating, and any outlook assigned to or associated with the rating, should be obtained from the S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Authority has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement).

There is no assurance that this rating will continue for any given period of time or that this rating will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of any rating on the 2026 Bonds may have an adverse effect on the market price or marketability of the 2026 Bonds.

CONTINUING DISCLOSURE

The District will covenant for the benefit of owners of the 2026 Bonds to provide certain financial information and operating data by not later than nine months after the end of the District's fiscal year, or April 1 of each year (based on the District's current fiscal year-end of June 30), commencing April 1, 2027 with the report for the 2025-26 fiscal year (the "**Annual Report**") and to provide notices of the occurrence of certain listed events.

These covenants have been made in order to assist the Purchaser in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**"). The specific nature of the information to be contained in the Annual Report or the notices of listed events by the District is set forth in "APPENDIX C – Form of Continuing Disclosure Certificate."

The District has not previously entered into continuing disclosure undertakings under the Rule in connection with the issuance of long-term obligations. To help the District ensure compliance with its reporting obligations under the Rule, the District anticipates hiring NHA Advisors, LLC as dissemination agent.

UNDERWRITING

The 2026 Bonds were sold at competitive sale held on _____, 2026, and were awarded to _____ (the "**Purchaser**"), whose proposal represented the lowest true interest rate for the 2026 Bonds. The 2026 Bonds are being purchased by the Purchaser at a purchase price of $_____, which represents the aggregate principal amount of the 2026 Bonds ($_____), plus net original issue premium of $_____ less a purchaser's discount of $_____.

The Purchaser will be obligated to take and pay for all of the 2026 Bonds if any are taken. The Purchaser intends to offer the 2026 Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. After the initial public offering, the public offering price may be varied from time to time by the Purchaser.

MUNICIPAL ADVISOR

The Authority has retained NHA Advisors, LLC, San Rafael, California, as municipal advisor (the "**Municipal Advisor**") in connection with the offering of the 2026 Bonds. All financial and other information presented in this Official Statement has been provided by the Authority, the District and others from their records. Unless otherwise footnoted, the Municipal Advisor takes no responsibility for the accuracy or completeness of the data provided by the Authority, the District or others and has not undertaken to make an independent verification and does not assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor has assisted the Authority and the District with the structure, timing and terms for the sale of the 2026 Bonds. The Municipal Advisor provides municipal advisory services only and does not engage in the underwriting, marketing, or trading of municipal securities or other negotiable instruments. The fee of the Municipal Advisor is contingent upon the successful closing of the 2026 Bonds.

CONTINGENT FEES

In connection with the issuance of the 2026 Bonds, some or all of the fees or other compensation payable to certain professionals involved with the offering are contingent upon the issuance and delivery of the 2026 Bonds. Those entities include:

- NHA Advisors, LLC, as municipal advisor;
- Jones Hall LLP, as bond counsel and disclosure counsel; and
- U.S. Bank Trust Company, National Association, as trustee.

EXECUTION

The execution of this Official Statement and its delivery have been authorized by the governing body of the Authority and the Board of Directors of the District.

NORTH MARIN WATER DISTRICT FINANCING AUTHORITY

By: _____
Executive Director

NORTH MARIN WATER DISTRICT

By: _____
General Manager

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2025

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$_____
North Marin Water District Financing Authority
2026 Water Revenue Bonds

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the North Marin Water District (the "**District**") in connection with the issuance of the above-captioned bonds (the "**2026 Bonds**"). The 2026 Bonds are being issued by the North Marin Water District Financing Authority (the "**Authority**") under an Indenture of Trust dated as of December 1, 2026 (the "**Indenture**") by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "**Trustee**"). The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the 2026 Bonds and in order to assist the Participating Underwriter in complying with the Rule (defined herein).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4.

"*Annual Report Date*" means the date that is nine months after the end of the District's fiscal year (currently April 1 based on the District's fiscal year end of June 30).

"*Dissemination Agent*" means, initially, NHA Advisors, LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Official Statement*" means the final official statement executed in connection with the issuance of the 2026 Bonds.

"*Participating Underwriter*" means any original underwriter of the 2026 Bonds required to comply with the Rule in connection with offering of the 2026 Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2027 with the report for the 2025-26 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The 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 by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) to the MSRB, in a timely manner as required by the Rule, in an electronic format as prescribed by the MSRB, a notice of such event.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) Audited Financial Statements of the District prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not contained in the audited financial statements filed under the preceding clause (a), the Annual Report shall contain information showing updates to the substance of the information contained in the following tables in the Official Statement:

(i) Table 1 - Historical Water Supply by Source (Novato Water System) (Acre-feet);

(ii) Table 2 - Customers by Type;

(iii) Table 3 - Ten Largest Customers by Revenue; and

(iv) Table 11 - Pro Forma Historical and Projected Debt Service Coverage (actuals only; no projections).

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the 2026 Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of 2026 Bond holders, if material.

(8) 2026 Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the 2026 Bonds, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

Note: For the purposes of the event identified in subparagraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District 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 District, 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 District.

(13) 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, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a financial obligation of the District, if material, 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, if material (for definition of "financial obligation," see clause (c)).

(16) 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 (for definition of "financial obligation," see clause (c)).

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, and, if the Listed Event is described in subsections (a)(2), (a)(6), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) above, the District determines that knowledge of the occurrence of that Listed Event would be material under applicable Federal securities law, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected 2026 Bonds under the Indenture.

(c) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2026 Bonds. If such termination occurs prior to the final maturity of the 2026 Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The District may, from time to time, appoint, engage or change a Dissemination Agent to assist it in carrying out its obligations under this Disclosure

Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the District.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the District with respect to the 2026 Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the 2026 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the 2026 Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the 2026 Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the 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 Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the 2026 Bonds may

take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent (if other than the District), the Participating Underwriter and the holders and beneficial owners from time to time of the 2026 Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2026

NORTH MARIN WATER DISTRICT

By_____
Name:_____
Title:_____

ACCEPTED AND AGREED:

_____,
As Dissemination Agent

By_____
Authorized Representative

APPENDIX D

GENERAL INFORMATION ABOUT THE CITY OF NOVATO AND THE COUNTY OF MARIN

*The following information concerning the City of Novato (the "**City**") and the County of Marin (the "**County**") is included only for the purpose of supplying general information regarding the area of the District. The 2026 Bonds are not a debt (or a pledge of the full faith and credit) of the City, the County, the State of California (the "**State**") or any of its political subdivisions, other than the District, and neither the City, the State nor any of its political subdivisions, other than the District, is liable therefor.*

General

City of Novato. The City is the northernmost city in the County and covers twenty-eight square miles. The City was incorporated on January 20, 1960 as a general law city. The City Council is made up of five members, previously elected at large, serving four-year terms. In 2022, the transition from at-large elections to District Elections was complete. The Mayor is selected for a one-year term from among the members of the City Council. The City operates under a council-manager form of government. The City Council appoints the City Manager and City Attorney. Covering an area of 28 square miles, including over 3,600 acres of open space, downtown Novato is 20 miles north of the Golden Gate Bridge, 27 miles from downtown San Francisco, and 15 miles south of the Wine Country. The City is home to many firms offering professional services, manufacturing, research, and retail centers.

County of Marin*.* The County was one of the original counties of the State, created in 1850 at the time of statehood. The County has a total area of 828 square miles and, as of January 1, 2026, a population of approximately 250,823. 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 of San Francisco to the south. The 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 lists population estimates for the City, the cities within the County, and County for the last five calendar years, as of January 1.

COUNTY OF MARIN
Population Estimates
Calendar Years 2022 through 2026
(As of January 1st)

	2022	2023	2024	2025	2026
Belvedere	2,082	2,057	2,070	2,073	2,058
Corte Madera	10,007	9,960	9,992	9,991	9,910
Fairfax	7,465	7,435	7,464	7,463	7,414
Larkspur	12,804	12,691	12,804	12,772	12,650
Mill Valley	13,868	13,763	13,808	13,803	13,694
Novato	**52,280**	**51,915**	**52,147**	**52,198**	**51,638**
Ross	2,293	2,288	2,299	2,315	2,324
San Anselmo	12,557	12,490	12,569	12,587	12,474
San Rafael	60,444	60,105	60,279	60,184	59,890
Sausalito	6,980	6,914	6,929	6,926	6,878
Tiburon	8,944	8,870	8,905	8,912	8,841
Balance Of County	65,498	64,735	64,366	63,947	63,052
Total	**255,222**	**253,223**	**253,632**	**253,171**	**250,823**

Source: State Department of Finance estimates (as of January 1).

Employment and Industry

The District is included in the San Rafael Metropolitan Division ("**MD**"). The unemployment rate in the County was 4.4% in August 2026, up from a revised 4.2% in July 2026, and below the year-ago estimate of 4.6%. This compares with an unadjusted unemployment rate of 5.4% for the State and 4.3% for the nation during the same period.

The table below lists employment by industry group for the San Rafael MD for the years 2021 to 2025.

SAN RAFAEL MD
(County of Marin)
Annual Averages Civilian Labor Force, Employment and Unemployment,
Employment by Industry
(March 2025 Benchmark)

	2021	2022	2023	2024	2025
Civilian Labor Force [1]	122,400	124,100	125,500	125,400	125,200
Employment	116,400	120,500	121,100	120,500	119,900
Unemployment	6,000	3,600	4,400	4,900	5,200
Unemployment Rate	4.9%	2.9%	3.5%	3.9%	4.2%
Wage and Salary Employment: [2]					
Agriculture	400	400	400	400	400
Mining and Logging	0	0	0	0	0
Construction	7,600	7,800	7,600	7,500	7,400
Manufacturing	4,400	4,200	4,300	4,100	3,700
Wholesale Trade	2,100	2,100	2,200	2,200	2,100
Retail Trade	13,900	13,900	13,500	13,200	13,000
Transportation, Warehousing, Utilities	1,400	1,400	1,400	1,400	1,400
Information	2,700	2,800	2,900	2,900	2,800
Finance Activities	5,000	5,200	5,200	5,100	4,900
Professional and Business Services	17,700	18,200	17,900	17,400	16,500
Educational and Health Services	20,000	20,400	21,400	22,200	22,800
Leisure and Hospitality	12,100	14,000	14,500	14,600	14,700
Other Services	4,800	5,300	5,600	5,800	5,900
Federal Government	700	600	600	700	700
State Government	1,900	1,900	1,800	1,900	1,900
Local Government	11,900	12,300	13,000	13,300	13,500
Total, All Industries [3]	106,600	110,500	112,200	112,600	111,700

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Major Employers

The following table shows the major employers in the County as of October 2026, in alphabetical order without regard to the number of employees.

COUNTY OF MARIN
Major Employers
(Listed Alphabetically)

Employer Name	Location	Industry
Bay Equity	Sausalito	Real Estate Loans
Biomarin Pharmaceutical Inc	San Rafael	Laboratories-Research & Development
Brayton Purcell LLP	Novato	Attorneys
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
Golden Gate Transit	San Rafael	Transportation Services
Hospice By the Bay Marin	Larkspur	Physicians & Surgeons
Kaiser Permanente Novato Med	Novato	Clinics
Kaiser Permanente Sn Rafael MD	San Rafael	Hospitals
Kentfield Hospital	Kentfield	Hospitals
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
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 2nd Edition.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total estimated effective buying income and the estimated median household effective buying income for the City, County, the State and the United States for the period 2023 through 2027.

CITY OF NOVATO, COUNTY OF MARIN,
STATE OF CALIFORNIA AND UNITED STATES
Estimated Effective Buying Income
2023 Through 2027

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2023	City of Novato	$2,724,783	$92,769
	County of Marin	16,261,363	104,104
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	City of Novato	$2,785,556	$95,975
	County of Marin	16,602,060	110,677
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876
2025	City of Novato	$2,910,566	$96,563
	County of Marin	17,433,348	115,969
	California	1,557,429,767	82,725
	United States	12,525,577,707	69,687
2026	City of Novato	$3,148,439	$105,097
	County of Marin	18,642,919	124,151
	California	1,730,654,738	90,403
	United States	13,932,177,817	75,433
2027	City of Novato	$3,082,707	$102,195
	County of Marin	18,759,327	124,062
	California	1,777,381,182	91,733
	United States	14,288,950,563	76,807

Source: Claritas, LLC.

Commercial Activity

Summaries of historic taxable sales within the City and County during the past five years in which data are available are shown in the following table.

Total taxable sales during the first quarter of calendar year 2026 in the City were reported to be $223,730,168, a 0.5% decrease from the total taxable sales of $224,961,589 reported during the comparable quarter of calendar year 2025.

CITY OF NOVATO
Annual Taxable Transactions
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2021	847	$763,446	1,695	$913,533
2022	820	789,168	1,658	968,305
2023	801	779,918	1,625	961,007
2024	801	790,222	1,631	985,878
2025	744	817,982	1,555	981,213

Source: State Department of Tax and Fee Administration.

Total taxable sales during the first quarter of calendar year 2026 in the County were reported to be $1,580,524,854, a 3.5% increase over the total taxable sales of $1,527,230,264 reported during the comparable quarter of calendar year 2025.

COUNTY OF MARIN
Annual Taxable Transactions
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2021	5,461	$4,669,874	10,475	$6,207,919
2022	5,137	4,900,942	10,161	6,550,066
2023	4,969	4,752,659	9,850	6,435,011
2024	4,974	4,832,806	9,825	6,513,242
2025	4,865	5,044,295	9,650	6,681,209

Source: State Department of Tax and Fee Administration.

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Board of Directors
North Marin Water District Financing Authority
999 Rush Creek Place
Novato, CA 94945

OPINION: $_____ North Marin Water District Financing Authority
2026 Water Revenue Bonds

Board of Directors of the Authority:

We have acted as bond counsel to the North Marin Water District Financing Authority (the "Authority") in connection with the issuance by the Authority of its North Marin Water District Financing Authority 2026 Water Revenue Bonds in the aggregate principal amount of $_____ (the "Bonds"), under an Indenture of Trust dated as of December 1, 2026 (the "Indenture"), between the Authority and U.S. Bank Trust Company, National Association, as trustee, and under the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "Bond Law"). The Bonds are secured by Revenues as such term is defined in the Indenture, including installment payments (the "Installment Payments") made by the North Marin Water District (the "District") under an Installment Sale Agreement dated as of December 1, 2026 (the "Installment Sale Agreement") between the Authority and the District.

We have examined such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Authority and the District contained in the Indenture, the Installment Sale Agreement and in the certified proceedings, and upon other certifications and opinions furnished to us, without undertaking to verify the same by independent investigation.

Based upon our examination we are of the opinion, under existing law, that:

1. The Authority is a joint powers agency duly organized and existing under the laws of the State of California, with power to enter into the Indenture, to perform the agreements on its part contained therein and to issue the Bonds.

2. The Bonds have been duly issued by the Authority and constitute legal, valid and binding special obligations of the Authority enforceable in accordance with their terms.

3. The Indenture and the Installment Sale Agreement have been duly authorized, executed and delivered by the Authority and constitute legal, valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms.

4. The Indenture establishes a valid lien on and security interest in the Revenues and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Indenture.

5. The District is a special district, duly organized and existing under the laws of the State of California, with power to enter into the Installment Sale Agreement and to perform the agreements on its part contained therein. The Installment Sale Agreement has been duly approved by the District and constitutes a legal, valid and binding obligation of the District enforceable against the District in accordance with its terms. The Installment Sale Agreement establishes a valid lien on and security interest in the Net Revenues of the System and other funds pledged thereby for the security of the Installment Payments, in accordance with the terms of the Installment Sale Agreement.

6. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the Authority and the District comply with all requirements of the Internal Revenue Code of 1986, as amended, which must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Authority and the District have covenanted in the Indenture, the Installment Sale Agreement and in other instruments relating to the Bonds to comply with each of such requirements, and the Authority and the District have full legal authority to make and comply with such covenants. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

7. Interest on the Bonds is exempt from California personal income taxation.

Interest on the Bonds may be subject to the corporate alternative minimum tax. We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with principles of equity or otherwise in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Moreover, our opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or any court; rather, our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations, opinions, and covenants referenced above.

Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be, and neither the District nor the Purchaser take responsibility for the accuracy thereof.

Neither the issuer of the Bonds (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the "Agent") take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC") will act as securities depository for the Bonds (hereinafter, the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its

regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative

of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Jones Hall Draft 11.13.26

OFFICIAL NOTICE OF SALE

$_____*
NORTH MARIN WATER DISTRICT FINANCING AUTHORITY
(MARIN COUNTY, CALIFORNIA)
2026 WATER REVENUE BONDS

(Book-Entry-Only)

NOTICE IS HEREBY GIVEN that electronic bids will be received via BiDCOMPTM/Parity® ("**PARITY**") for the purchase of the North Marin Water District Financing Authority 2026 Water Revenue Bonds.

Bids will be accepted in accordance with this Notice, as follows:

Date of Bid: **December [2], 2026**

Time of Bid: **Until 8:45 a.m. Pacific Time**

For further information about **PARITY**, bidders may contact Ipreo LLC at (212) 849-5021. For further information about the Bonds, bidders may contact the Municipal Advisor, NHA Advisors, LLC, either by phone at **(415) 785-2025 ext. 2006 (Rob Schmidt)** or by email at Rob@NHAadvisors.com.

The Preliminary Official Statement for the Bonds is available online at **www.i-dealprospectus.com**. Each bidder must review the Preliminary Official Statement prior to bidding for the Bonds. This Official Notice of Sale contains certain information for quick reference only, is not a summary of the issue, and governs only the terms of the sale of, bidding for and closing procedures with respect to the Bonds. Bidders must read the Preliminary Official Statement in its entirety to obtain information essential to making an informed investment decision.

Issue

The Bonds are rated '**[__]**' by Standard & Poor's.
The Bonds are not insured pursuant to any policy of municipal bond insurance.
The Bonds will be dated the date of delivery: **December [16], 2026***.
Interest on the Bonds is payable on June 1 and December 1, commencing **June 1, 2027**.
The Bonds are subject to optional and special mandatory redemption prior to maturity, as described herein.
The Bonds will be awarded to the bidder whose bid produces **the lowest True Interest Cost**.

* Preliminary, subject to change.

Principal Amounts*

Bond principal shall be payable annually on **December 1,** commencing **December 1, 2027,** as follows:

Maturity December 1	Principal Amount
2027	$
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	
2036	
2037	
2038	
2039	
2040	
2041	

Adjustment of Principal Amounts Not to Exceed 15%

In order to achieve the financial goals of the Authority, the Authority may need to adjust the schedule of principal maturities for the Bonds based on the bids that are received. Therefore, the Authority reserves the right to increase or decrease the principal amount of any maturity of the Bonds (or, in the case of the term Bonds, the principal amount thereof which is subject to mandatory sinking fund redemption on December 1 in any year). **The aggregate principal amount of the Bonds may be increased or decreased as a result of such adjustment, in an amount not exceeding 15% of the amount of Bonds hereby offered for sale.** Notice of such increase or decrease shall be given to the winning bidder as soon as practicable following the notification of award, as described below. The Authority will attempt to maintain total underwriter compensation when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined.

Interest Rates

Bidders may specify any number of separate interest rates, and any rate may be repeated as often as desired; provided that

* Preliminary, subject to change.

(i) Each Bond shall bear interest at a fixed-rate, calculated on a 30/360 basis;
(ii) no Bond may bear more than one rate of interest;
(iii) each interest rate must be a multiple of 1/20 of 1% or 1/8 of 1%;
(iv) a zero rate of interest cannot be specified;
(v) each Bond shall bear interest from its dated date to its stated maturity date at the interest rate specified in the bid; and,
(vi) all Bonds of the same maturity date shall bear the same rate of interest.

Redemption*

Optional Redemption: Bonds maturing on or after December 1, 2037 are subject to redemption at the option of the Authority, in whole or in part, on any date on or after December 1, 2036 at a redemption price equal to the principal amount of Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

Redemption From Proceeds of Insurance and Condemnation: The Bonds are subject to mandatory redemption, on any date, in whole, or in part on a pro rata basis among maturities, from the net proceeds of insurance or condemnation credited towards the prepayment of the Installment Payments by the District, at a redemption price equal to the principal amount of Bonds to be prepaid, without premium, together with accrued interest to the redemption date.

Mandatory Sinking Fund Redemption: Bidders may specify one or more term bonds subject to mandatory sinking fund redemption on December 1 in consecutive years immediately preceding the maturity thereof, provided that any such term bond may not have sinking fund payments prior to December 1, 20__. Term bonds shall be payable at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date of redemption, without premium.

Notice of redemption shall be provided as set forth in the Preliminary Official Statement.

Book-Entry Form Only

The Bonds 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 of the Bonds. Individual purchases will be made in book-entry form only, in denominations of $5,000 or any integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds. Principal and interest are payable in lawful money of the United States of America and will be paid to DTC which will remit such amounts to the beneficial owners of the Bonds through DTC's Participants, as described in the Preliminary Official Statement.

* Preliminary, subject to change.

Authority for Issuance; Purpose

On November 17, 2026, the North Marin Water District and the North Marin Water District Financing Authority authorized entrance into the installment sale financing and the issuance of the Bonds. The Bonds will be issued pursuant to an Indenture of Trust by and between U.S. Bank Trust Company, National Association, as trustee, and the Authority. Bond proceeds will be used as follows:

(i) to finance several key capital improvement projects primarily for the Novato and West Marin Water Enterprises, including potable water pipeline improvements or replacements (pipeline relocations, upsizing and replacement in-kind), pump station replacements or rehabilitations, and hydro-pneumatic system upgrades, as further described in the Preliminary Official Statement, and

(ii) to pay costs of issuance.

Security for the Bonds; Installment Payments

The Bonds are special limited obligations of the Authority, secured by and payable from Revenues which primarily consist of Installment Payments due under an Installment Sale Agreement between the District and the Authority. Installment Payments are secured by Net Revenues of the System owned and operated by the District, on parity with other outstanding obligations, and are payable semi-annually by the District to the Authority, all as more fully described in the Preliminary Official Statement.

For additional details on the Authority, the District and the System operated by the District, see “THE AUTHORITY,” “THE DISTRICT” and “THE SYSTEM.”

CUSIP Numbers; Other Fees

CUSIP numbers will be obtained by the Municipal Advisor and paid for by the purchaser of the Bonds. Any delay, error or omission with respect thereto will not constitute cause for the purchaser to refuse to accept delivery of and pay for the Bonds.

The winning bidder is required to pay all fees required by The Depository Trust Company, Municipal Securities Rulemaking Board, and any other similar entity imposing a fee in connection with the issuance of the Bonds.

The winning bidder is required to pay any fees owing to the California Debt and Investment Advisory Commission (“CDIAC”). CDIAC will invoice the winning bidder after closing.

Legal Opinion; Tax-Exempt Status

In the opinion of Jones Hall LLP, as Bond Counsel, subject to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Please refer to the Preliminary Official Statement under the caption "TAX MATTERS" for a more complete description of the tax status of the Bonds.

No Litigation; Tax Certificate

Prior to delivery of the Bonds, the District and the Authority shall each deliver a certificate stating that there is no action, suit, or proceeding known by the District or the Authority to be pending or threatened at the present time restraining or enjoining the delivery or in any way contesting or affecting the validity of the Bonds, the Indenture, the Installment Sale Agreement or the proceedings of the District or the Authority taken with respect to the execution or delivery thereof. The District and the Authority shall also deliver a tax certificate attesting to their reasonable expectations and undertaking certain covenants concerning the Bonds and the use and investment of Bond proceeds.

Preliminary Official Statement (POS) and Final Official Statement

The Preliminary Official Statement for the Bonds is available online at **www.i-dealprospectus.com**. The POS, together with any supplements thereto, shall be "deemed final" by the Authority for purposes of SEC Rule 15c2-12(b)(1), but shall be subject to revision, amendment and completion in a final official statement. At closing, the Authority shall deliver a certificate to the effect that the facts contained in the Official Statement are true and correct in all material respects, and that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement therein, in light of the circumstances under which they were made, not misleading.

Within seven business days from the sale date, the Authority will deliver to the purchaser copies of the final Official Statement, executed by an authorized representative of the Authority and the District and dated the date of delivery thereof to the purchaser, in sufficient number to allow the purchaser to comply with paragraph (b)(4) of the Rule and to satisfy the Municipal Securities Rulemaking Board (the "MSRB") Rule G-32 or any other rules adopted by the MSRB, which shall include information permitted to be omitted by paragraph (b)(1) of the Rule and such other amendments or supplements as have been approved by the Authority (the "Final Official Statement"). The purchaser agrees that it will not confirm the sale of any Bonds unless the confirmation of sale is accompanied or preceded by the delivery of a copy of the Final Official Statement. Upon

request, the Authority will furnish to the winning bidder, at no charge, not in excess of 10 printed copies of the Official Statement for use in connection with any resale of the Bonds.

By submitting a bid for the Bonds, the winning bidder agrees (1) to disseminate to all members of the underwriting syndicate copies of the final Official Statement, including any supplements prepared by the Authority, (2) to promptly file a copy of the final Official Statement, including any supplements, with the MSRB through its EMMA System, and (3) to take any and all other actions necessary to comply with applicable SEC and MSRB rules governing the offering, sale and delivery of the Bonds to ultimate purchasers.

Continuing Disclosure

To assist bidders in complying with SEC Rule 15c2-12(b)(5), the District will execute a Continuing Disclosure Agreement to provide certain annual financial information and notice of the occurrence of certain material events. A description of this undertaking and the form of the Agreement is included in Appendix C of the Preliminary Official Statement.

Acknowledgement of No Fiduciary Duty

The Authority acknowledges and agrees that (i) the purchase and sale of the Bonds is an arm's-length commercial transaction between the Authority and the underwriter, (ii) in connection with such transaction, the underwriter is acting solely as a principal and not as an advisor, (including, without limitation, a Municipal Advisor (as such term is defined in Section 975(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act)), agent or a fiduciary of the Authority, (iii) the underwriter has not assumed (individually or collectively) a fiduciary responsibility in favor of the Authority with respect to the offering of the Bonds or the process leading thereto (whether or not the underwriter, or any affiliate of an underwriter, has advised or is currently advising the Authority on other matters) or any other obligation to the Authority except as described in this Notice of Sale, (iv) the underwriter has financial and other interests that differ from those of the Authority and (v) the Authority has consulted with its own legal and municipal advisors to the extent it deemed appropriate in connection with the offering of the Bonds.

S&P Rating: ['__']

S&P Global Ratings ("Standard & Poor's" or "S&P") has assigned a rating of **['__']** to the Bonds, as shown on the cover of the Preliminary Official Statement. Such rating reflects only the views of S&P. An explanation of the significance of the rating may be obtained from S&P at 55 Water Street, New York, New York 10041, (212) 438-2000. The Authority can provide no assurance the rating will continue for any given time period or that it will not be revised or withdrawn by S&P if, in its judgment, circumstances so warrant. Any revision or withdrawal of the rating may adversely affect the market price of the Bonds.

Basis of Award – Lowest True Interest Cost (TIC)

The Bonds will be awarded to the bidder whose bid produces **the lowest true interest cost**. The true interest cost will be that rate which, when used to compute the present value of principal and interest to be paid on all Bonds from the date of delivery to their respective maturity dates, or mandatory sinking fund redemption dates, produces an amount equal to the purchase price, including any premium specified in such bid. The true interest cost shall be calculated by the use of a semi-annual interval of compounding interest based on the Interest Payment Dates for the Bonds. In the event of a tie, the winning bid will be determined by the toss of a coin by the Authority.

Initial Offering Prices

As soon as the bid is awarded, the winning bidder shall provide initial offering prices for each maturity of the Bonds.

Firm Offer; All or None Bid

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer to purchase all, and not less than all, of the Bonds.

Form of Bid; Delivery and Payment; Cancellation for Late Delivery

Each bid must be in accordance with the terms and conditions set forth herein. Bids will only be accepted electronically via PARITY. To the extent any instructions or directions set forth in PARITY conflict with this Notice, the terms of this Notice shall control. Payment of the purchase price must be made in immediately available funds. Such payment shall be made on the date of original delivery of the Bonds to DTC.

The winning bidder has the right, at the winning bidder's option, to cancel the contract of purchase if the Bonds are not tendered for delivery within 60 days from the date of the sale thereof.

Warning Regarding Electronic Bids

THE AUTHORITY WILL ACCEPT BIDS IN ELECTRONIC FORM SOLELY THROUGH **PARITY** ON THE OFFICIAL BID FORM CREATED FOR THAT PURPOSE. EACH BIDDER UNDERSTANDS AND AGREES THAT IT IS SOLELY RESPONSIBLE FOR ALL ARRANGEMENTS WITH PARITY, AND THAT PARITY IS NOT ACTING AS AN AGENT OF THE AUTHORITY. INSTRUCTIONS FOR SUBMITTING ELECTRONIC BIDS MUST BE OBTAINED FROM PARITY, AND THE AUTHORITY ASSUMES NO RESPONSIBILITY FOR ENSURING OR VERIFYING BIDDER COMPLIANCE WITH THE PROCEDURES OF PARITY. THE AUTHORITY SHALL ASSUME THAT ANY BID RECEIVED THROUGH PARITY HAS BEEN MADE BY A DULY AUTHORIZED AGENT OF THE BIDDER. THE AUTHORITY, THE MUNICIPAL ADVISOR AND BOND

COUNSEL ASSUME NO RESPONSIBILITY FOR ANY ERROR CONTAINED IN ANY BID SUBMITTED ELECTRONICALLY, OR FOR THE FAILURE OF ANY BID TO BE TRANSMITTED, RECEIVED OR OPENED AT THE OFFICIAL TIME FOR RECEIPT OF BIDS.

Estimated True Interest Cost

Bidders are asked to provide a calculation of the true interest cost of the Bonds on the basis of their respective bids, which shall be considered as informative only and not binding on either the bidder or the Authority. The true interest cost specified in any bid will be calculated by the Authority as described above under "Basis of Award – Lowest True Interest Cost (TIC)" and such calculation shall be final.

No Good Faith Deposit

The Authority does not require a good faith deposit to be submitted in connection with bids for the Bonds.

Qualification for Sale; Blue Sky

The underwriter assumes all responsibility for qualifying the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of the states and jurisdictions in which the underwriter offers or sells the Bonds, including the payment of fees for such qualification. The Bonds may not be sold or offered for sale in any jurisdiction in which such sale or offer would be unlawful under the securities laws of the jurisdiction.

Underwriting Group

The winning bidder will be required to submit a list of all syndicate members within 24 hours after receiving a verbal award.

Additional Information

Copies of the Indenture, the Installment Sale Agreement, this Official Notice of Sale and the Preliminary Official Statement will be furnished to any potential bidder upon request made to the Municipal Advisor.

Right to Modify or Amend

The Authority reserves the right to modify or amend this Notice, including but not limited to the right to adjust and change the aggregate principal amount of the Bonds being offered. Notification of any such modifications or amendments shall be made not less than 24-hours prior to the time of bid opening, and shall be communicated through Bloomberg News Service, London Stock Exchange Group ("LSEG") The Municipal Market Monitor (TM3), or **Parity** and by telephone to any bidder requesting such notice.

Right to Reject Bids, Waive Irregularities, Cancel, Postpone, or Reschedule Sale

The Authority reserves the right, in its sole discretion, to reject any and all bids and, to the extent permitted by law, waive any irregularity or informality in any bid. The Authority reserves the right to cancel, postpone or reschedule the Bond sale upon notice given through Bloomberg News Service, London Stock Exchange Group ("LSEG") The Municipal Market Monitor (TM3), or **Parity** no later than 5:00 pm California Time on the day prior to the date on which bids are to be received. Telephone notice of any postponement will be given to any bidder requesting such notice from the Municipal Advisor.

Establishment of Issue Price

To assist the Authority in establishing the Issue Price of the Bonds, the winning bidder shall deliver prior to the Closing Date, an Issue Price Certificate setting forth the reasonably expected initial public offering price or prices of the Bonds, together with supporting documentation, substantially in the form attached hereto as Exhibit A, with such modifications as may be necessary in the reasonable judgment of the winning bidder, the Authority or Bond Counsel.

If the Authority receives <u>at least three bona fide bids</u> to purchase the Bonds, then the Issue Price of the Bonds will be based on the 'Three-Bid Competitive Sale' rule pursuant to Treasury Regulation Section 1.148-1(f)(3)(i), whereby the Issue Price is based on the price of each Bond maturity used by the winning bidder in formulating its bid, because:

- **(i)** The Authority shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- **(ii)** All potential bidders shall have an equal opportunity to bid and no potential bidder shall be afforded an opportunity to review other bids before submitting a bid;
- **(iii)** The Authority shall have received bids from at least three underwriters of municipal obligations who have established industry reputations for underwriting new issuances of municipal obligations; and
- **(iv)** The Authority anticipates awarding the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost) as set forth herein.

If the competitive sale requirements are not satisfied, the Authority has the option to <u>reject all bids</u> and cancel the sale. If the Authority proceeds with the sale, and the issue price is established pursuant to the hold-the-offering-price rule, the issue price certificate shall be modified as necessary in the reasonable judgment of Bond Counsel and the Authority.

By submitting a bid, each bidder is certifying that (i) the bidder is an underwriter of municipal obligations who has an established industry reputation for underwriting new issuances of municipal obligations, (ii) its bid is a firm offer to purchase all of the Bonds as specified in its bid, and (iii) its bid was prepared based on the assumption that the

issue price of the Bonds will be the winning bidder's reasonably expected initial offering price to the public.

Dated: November 18, 2026 By: North Marin Water District Financing Authority

EXHIBIT A

$_____
NORTH MARIN WATER DISTRICT FINANCING AUTHORITY
2026 WATER REVENUE BONDS

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of _____, as purchaser (the "Purchaser") of the above-captioned bonds (the "Bonds"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds") by the North Marin Water District Financing Authority (the "Issuer").

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by Purchaser are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by Purchaser in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by Purchaser to purchase the Bonds.

(b) Purchaser was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by Purchaser constituted a firm offer to purchase the Bonds.

2. Defined Terms.

(a) Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than a Purchaser or a related party to an Purchaser. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 2026.

(d) Purchaser means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Purchaser to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Certificates as to Arbitrage and with respect to compliance with the federal income tax rules affecting the Bonds, and by Jones Hall LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____, 2026

_____,
as Purchaser

By: _____
Authorized Representative

SCHEDULE A

Maturity (December 1)	Principal Amount	Interest Rate	Yield	Price

SCHEDULE B

[Attach Copy of the True and Correct Bid]

3

ADJOURNMENT

1

CLOSED SESSION ITEM

2

CLOSED SESSION ITEM