

**PRELIMINARY OFFICIAL STATEMENT DATED MARCH [19], 2026**

**NEW ISSUE – FULL BOOK-ENTRY**

**S&P RATING: “ \_\_\_\_\_ ”**  
**See “RATING”**

*In the opinion of Jones Hall LLP, as Bond Counsel, subject, however 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. See “TAX MATTERS” herein.*

**\$14,010,000\***  
**City of Manteca**  
**2026 Water Revenue Refunding Bonds**

**Dated: Date of Delivery**

**Due: December 1, as shown on inside cover**

**Authority for Issuance.** The bonds captioned above (the “Bonds”) are being issued by the City of Manteca (the “City”) under a resolution adopted by the governing body of the City, the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the “Bond Law”), and an Indenture of Trust dated as of April 1, 2026 (the “Indenture”), by and between the City and U.S. Bank Trust Company, National Association, as trustee. See “THE BONDS – Authority for Issuance.”

**Security for the Bonds.** The Bonds are special limited obligations of the City and are payable from and secured by a pledge of and lien on the Net Revenues (as such term is defined in the Indenture) of the Water System and from amounts on deposit in certain funds and accounts established under said Indenture. See “SECURITY FOR THE BONDS.”

**Use of Proceeds.** The Bonds are being issued to provide funds to (i) refinance the City of Manteca Water Revenue Refunding Bonds Series 2012, and (ii) pay the costs of issuing the Bonds. See “FINANCING PLAN.”

**Bond Terms; Book-Entry Only.** The 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 December 1, 2026, and will be issued in fully registered form without coupons in the denomination of \$5,000 or any integral multiple of \$5,000. The 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 Bonds will not receive certificates representing their interests in the Bonds. Payments of the principal of, premium, if any, and interest on the 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 Bonds. See “THE BONDS – General Bond Terms.”

**Redemption.** The Bonds are not subject to optional redemption or mandatory sinking fund redemption, but are subject to extraordinary mandatory redemption from the net proceeds of insurance, sale or condemnation credited towards the prepayment of the Bonds by the City under the Indenture. See “THE BONDS – Redemption.”

THE BONDS ARE LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE NET REVENUES OF THE CITY’S WATER SYSTEM. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN, OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE CITY OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE NET 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 essential information about the Bonds. Potential investors should read this entire Official Statement to obtain information essential for making an informed investment decision. Investment in the Bonds involves risks that may not be appropriate for some investors. See “BOND OWNERS’ RISKS” for a discussion of special risk factors that should be considered in evaluating the investment quality of the Bonds.*

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Jones Hall LLP, as Bond Counsel. Certain legal matters will also be passed upon for the City by Jones Hall LLP, as Disclosure Counsel, and by the City Attorney. Certain legal matters will be passed upon for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth LLP. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about April 9, 2026\*.

**Ramirez & Co., Inc.**

The date of this Official Statement is: \_\_\_\_\_, 2026.

\* Preliminary; subject to change.

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.

## MATURITY SCHEDULE\*

**\$14,010,000 Serial Bonds**  
(Base CUSIP†: \_\_\_\_\_)

<b>Maturity (December 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>CUSIP† (_____)</b>
2026	\$1,355,000				
2027	1,555,000				
2028	1,630,000				
2029	1,715,000				
2030	1,800,000				
2031	1,890,000				
2032	1,985,000				
2033	2,080,000				

\* *Preliminary; subject to change.*

† Copyright 2026, American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by FactSet Research Systems Inc., and are provided for convenience of reference only. Neither the City nor the Underwriter assumes any responsibility for the accuracy of these CUSIP data.

**CITY OF MANTECA  
(SAN JOAQUIN COUNTY, CALIFORNIA)**

**City Council**

Gary Singh, Mayor (At-Large)  
Charlie Halford, Vice Mayor (District 1)  
Regina Lackey, Councilmember (District 2)  
David Breitenbucher, Councilmember (District 3)  
Mike Morowit, Councilmember (District 4)

**City Staff**

Toni Lundgren, City Manager  
Matthew Boring, Finance Director  
Andy Pinasco, Interim City Attorney  
Cassandra Candini-Tilton, City Clerk

**SPECIAL SERVICES**

**Municipal Advisor**

Urban Futures, Inc.  
*Walnut Creek, California*

**Bond Counsel and Disclosure Counsel**

Jones Hall LLP  
*San Mateo, California*

**Trustee**

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

**Verification Agent**

Causey Public Finance, LLC  
*Denver, Colorado*

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

**No Offering May Be Made Except by this Official Statement.** No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representations with respect to the 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 by the City or the Underwriter. 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 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the City described in this Official Statement since the date of this Official Statement.

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

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

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

**Document References and Summaries.** All references to and summaries of the Fiscal Agent Agreement 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.

**Stabilization of and Changes to Offering Prices.** The Underwriter may overallocate or take other steps that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain 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 Underwriter.

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

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

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

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## OFFICIAL STATEMENT

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**\$14,010,000\***  
**City of Manteca**  
**2026 Water Revenue Refunding 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 INDENTURE.”*

**The City.** The City of Manteca (the “**City**”) is a general law city located in the County of San Joaquin (the “**County**”). For background, demographic and economic information regarding the City and the County, see APPENDIX D.

**Authority for Issuance.** The bonds captioned above (the “**Bonds**”) are being issued by the City under a resolution adopted by the City Council of the City, the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the “**Bond Law**”), and an Indenture of Trust dated as of April 1, 2026 (the “**Indenture**”), by and between the City and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”). See “THE BONDS – Authority for Issuance.”

**Security for the Bonds.** The Bonds are special obligations of the City, payable from and secured by a pledge of and lien on the of the “**Net Revenues**” of the Water System, where “**Net Revenues**” is defined as the “**Gross Revenues**” received from the Water System, less the amount of “**Maintenance and Operation Costs**” of the Water System (as those terms are defined herein). See “SECURITY FOR THE BONDS.”

**Purpose of the Bonds.** The Bonds are being issued to provide funds to (i) refinance the City of Manteca Water Revenue Refunding Bonds Series 2012, currently outstanding in the principal amount of \$18,020,000 (the “**2012 Bonds**”), and (iii) pay the costs of issuing the Bonds. See “FINANCING PLAN.”

**Future Parity Debt.** With the refunding of the 2012 Bonds, there will be no outstanding Parity Debt. However, under the Indenture, additional series of bonds or other debt may be issued in the future that are secured by and payable from Net Revenues on a parity with the Bonds, subject to the conditions contained therein. See “SECURITY FOR THE BONDS – Parity Debt.”

**Rate Covenant.** Under the Indenture, the City is obligated to fix, prescribe and collect fees, rates and charges for the Water System during each Fiscal Year which are sufficient to yield

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\* Preliminary; subject to change.

Net Revenues at least equal to 125% of the amounts payable on the Bonds and on any Parity Debt (if any) due and payable in such Fiscal Year. See “SECURITY FOR THE BONDS – Rate Covenant.”

**No Reserve Fund.** The City will not fund a debt service reserve fund for the Bonds.

**Risks of Investment.** The Bonds are repayable from the Net Revenues of the Water System. For a discussion of some of the risks associated with the purchase of the Bonds, see “BOND OWNERS’ RISKS.”

**Verification Agent.** Causey Public Finance, LLC, Denver, Colorado, independent accountants, upon delivery of the Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to them which were prepared by the City, relating to the sufficiency of moneys and securities deposited into the escrow to pay, when due, the principal, whether at maturity or upon prior prepayment, interest and prepayment premium requirements of the outstanding 2012 Bonds.

**Limited Obligation.** Neither the Bonds nor the obligation to pay principal of or interest thereon constitutes a debt, obligation or liability of the City, the State of California or any of its political subdivisions within the meaning of any Constitutional limitation on indebtedness, or a pledge of the full faith and credit of the City. The Bonds are secured solely by the pledge of Net Revenues of the Water System and certain funds held under the applicable Indenture. The Bonds are not secured by a pledge of the taxing power of the City.

**References to Documents.** All descriptions and summaries of various documents in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements in this Official Statement are qualified in their entirety by reference to each document. Certain capitalized terms used in this Official Statement and not defined in this Official Statement have the meaning given them in the Indenture. See “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

## FINANCING PLAN

The Bonds are being issued to provide funds to (i) refinance the 2012 Bonds, and (ii) pay the costs of issuing the Bonds.

In 2012, the City issued the 2012 Bonds, which are currently outstanding in the principal amount of \$18,020,000, for the purpose of refunding bonds issued in 2003 to finance certain improvements, additions and extensions of the Water System. The 2012 Bonds are subject to optional redemption on any date at a redemption price equal to the par amount of the 2012 Bonds redeemed, plus accrued interest through the Redemption Date, without premium.

The City anticipates redeeming the 2012 Bonds on or about [May 11], 2026 (the “Redemption Date”)

In order to accomplish the refinancing plan, the net proceeds of the Bonds, together with certain other funds on hand with respect to the 2012 Bonds in a total amount (when taking into account investment earnings thereon) calculated to be sufficient to redeem the 2012 Bonds, will be transferred to U.S. Bank Trust Company, National Association, to be irrevocably held for the purpose of redeeming the 2012 Bonds on the Redemption Date.

Causey Public Finance, LLC, Denver, Colorado, independent accountants, upon delivery of the Bonds, will deliver one or more reports on the mathematical accuracy of certain computations contained in schedules provided to them which were prepared by the City relating to the sufficiency of moneys and securities irrevocably held by the Fiscal Agent to pay, when due, the redemption price of the 2012 Bonds on the Redemption Date.

### Estimated Sources and Uses of Funds

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

Sources:

Principal Amount of Bonds	\$
Plus/Less [Net] Original Issue Premium/Discount	
Plus Available Funds Relating to 2012 Bonds	
Total Sources	\$

Uses:

Refund 2012 Bonds	
Costs of Issuance <sup>(1)</sup>	
Total Uses	\$

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(1) Costs of Issuance include legal fees, Municipal Advisor’s fee, Underwriter’s discount, printing costs, rating agency fees, and other expenses related to the issuance of the Bonds.

## THE BONDS

*This section provides summaries of the 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 Bonds are being issued by the City under a resolution adopted by the governing body of the City on [March 17], 2026, the Bond Law, and the Indenture.

### General Bond Terms

**Bond Terms.** The 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 Bond has more than one maturity date. The 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 Bonds will be payable on June 1 and December 1 of each year to maturity (each an “**Interest Payment Date**”), commencing December 1, 2026.

Interest on the 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 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 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 Bonds not less than 15 days preceding such special record date.

Principal of and premium (if any) on any 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 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 Bonds, as described below, payments of the principal of, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co.*

**Calculation of Interest.** The Bonds will be dated the Closing Date and bear interest based on a 360-day year comprised of twelve 30-day months from the Interest Payment Date next preceding the date of authentication thereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of authentication is prior to the first Record Date, in which event such interest is payable from the Closing Date; provided, however, that if, as of the date of authentication of any

Bond, interest thereon is in default, such 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 Bonds as the 15th calendar day of the month preceding an Interest Payment Date.

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

Principal and interest payments with respect to the 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 Bonds. See “APPENDIX F – DTC and the Book-Entry Only System.”

*So long as the 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 Bonds. See “APPENDIX F – DTC and the Book-Entry Only System.”*

#### **Redemption\***

**No Optional Redemption.** The Bonds are not subject to redemption at the option of the City prior to maturity.

**Special Mandatory Redemption from Insurance and Sale Proceeds.** The Bonds are subject to mandatory redemption on any date in whole, or in part among maturities selected by the City, from the net proceeds of insurance, sale or condemnation received by the City and applied to the redemption of the Bonds in accordance with the Indenture, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the redemption date, without premium.

**Notice of Redemption.** The Trustee on behalf and at the expense of the City shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, to the Information Services and to the Securities Depositories, at least 20 but not more than 60 days prior to the date fixed for redemption; provided, however, that neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Redemption notices may be conditional.

*Notwithstanding the foregoing, while the 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 City 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 Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any Bonds to be redeemed, of a notice*

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\* Preliminary; subject to change.

*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 City has the right to rescind any notice of the redemption of Bonds 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 will not be or 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. The City and the Trustee have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall provide notice of such rescission to the Bondholders in the same manner as the original notice of redemption was provided.

**Selection of Bonds for Redemption.** With respect to the Bonds, whenever less than all of the Bonds of a maturity are to be selected for redemption, the Trustee shall select the Bonds to be redeemed from such maturities as are designated by the City (or if the City fails to designate such maturities) by lot within a maturity. For purposes of such selection, all Bonds will be deemed to be comprised of separate \$5,000 denominations and such separate denominations will be treated as separate Bonds which may be separately redeemed.

**Partial Redemption of Bonds.** If only a portion of any Bond is called for redemption, then upon surrender of such Bond the City shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the City, a new Bond or Bonds of the same series and maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

## **Registration, Transfer and Exchange**

**Bond Registration Books.** The Trustee will keep or cause to be kept at its trust office sufficient Bond Registration Books for the registration and transfer of the Bonds, which will at all times during regular business hours, and upon reasonable notice, be open to inspection by the City; 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 Bond may, in accordance with its terms, be transferred, upon the 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 City 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 City shall pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of Bonds.

**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 City shall pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of Bonds.

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

### DEBT SERVICE SCHEDULE

Annual debt service on the Bonds is presented below, assuming no extraordinary redemptions.

<b>Period Ending</b>			
<b>Dec. 1</b>	<b>Principal</b>	<b>Interest</b>	<b>Annual Debt Service</b>
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
Totals:			

Source: Underwriter.

## SECURITY FOR THE BONDS

*This section provides summaries of the security for the Bonds, and certain provisions of the Indenture. Unless the context otherwise requires, "Bonds" refers to the Bonds and any future Parity Debt 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 Bonds are secured by a first pledge of and lien on all of the Net Revenues. The Bonds and the Parity Debt (if any) are equally secured by a pledge, charge and lien upon the Net Revenues, without priority for series, issue, number or date and the payment of the interest on and principal of the Bonds and the Parity Debt (if any) shall be and are secured by an exclusive pledge, charge and lien upon the Net Revenues. So long as any of the Bonds are Outstanding, the Net Revenues and such moneys may not be used for any other purpose; except that out of the Net Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by the Indenture.

### **Pledge of Net Revenues**

All of the Net Revenues are irrevocably pledged, charged and assigned to the punctual payment of the Bonds. Such pledge, charge and assignment constitutes a lien on the Net Revenues for the payment of the Bonds in accordance with the terms of the Indenture, which lien is on a parity with the pledge and lien which secures Parity Debt (if any). As used in the Indenture, the following terms have the following respective meanings:

**Net Revenues.** The Indenture defines "**Net Revenues**" to mean, for any period of computation, the amount of the Gross Revenues during such period, less the amount of Maintenance and Operation Costs during such period.

**Gross Revenues.** The Indenture defines "**Gross Revenues**" as means all gross income and revenues of any kind, howsoever derived, from the funds, services and facilities of the Water System, including all fees, rates, late payment charges and other charges received or receivable for the water service furnished by the Water System and all gross revenues of all extensions of the Water System hereafter acquired or constructed, including all capacity charges, connection fees and other amounts charged for the Water System, together with any interest earned thereon, excluding refundable deposits made to establish credit.

**Maintenance and Operation Costs.** The Indenture defines "**Maintenance and Operation Costs**" as the reasonable and necessary costs spent or incurred by the City for maintaining and operating the Water System, calculated in accordance with generally accepted accounting principles, including (among other things) costs and expenses paid or incurred for the supply, storage, treatment and distribution of water by the Water System and costs and expenses of management and repair of the Water System and costs and expenses necessary to maintain and preserve the Water System in good condition and working order and costs and expenses for administration, overhead, insurance, taxes (if any), and other similar items; provided, however, "Maintenance and Operation Costs" shall not include (i) depreciation and obsolescence charges or reserves therefor, (ii) amortization of intangibles or other bookkeeping entries of a similar nature, including related to pension or OPEB, or (iii) the payment of and interest on the Bonds and any Parity Debt.

**Water System.** The Indenture defines “**Water System**” as the whole and each and every part of the system for the supply, storage, treatment and distribution of water within the City’s service area, including the portion thereof existing on the date hereof and including all additions, betterments, extensions and improvements to such system or any part thereof hereafter acquired or constructed; provided, that to the extent the City is not the sole owner of an asset or property or to the extent that an asset or property is used in part for the above-described purposes, only the City’s ownership interest in such asset or property or only the part of the asset or property so used for water system purposes shall be considered to be part of the Water System.

## **Receipt and Use of Gross Revenues**

**Flow of Funds.** The City has previously established the Water Fund, which it will continue to hold and maintain for the purposes and uses set forth herein. The City shall deposit all Gross Revenues in the Water Fund promptly upon the receipt thereof, and amounts on deposit in the Water Fund shall be applied by the City to pay when due the following amounts in the following order of priority during each Fiscal Year:

- (i) Maintenance and Operation Costs. The City shall pay 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) Debt Service Fund. On or before the 6th Business Day preceding each Interest Payment Date, the City shall withdraw from the Water Fund and pay to the Trustee for deposit into the Debt Service Fund (which the Trustee shall establish and hold in trust under the Indenture) an amount of Net Revenues which, together with other available amounts then on deposit in the Debt Service Fund, is at least equal to the aggregate amount of principal of and interest coming due and payable on the Bonds on such Interest Payment Date.

The Trustee shall apply amounts in the Debt Service Fund solely for the purpose of paying the interest on the Outstanding Bonds when due and payable (including accrued interest on any Bonds purchased or redeemed hereunder), and paying the principal of the Bonds at the maturity thereof. Upon the payment of all Outstanding Bonds, the Trustee shall transfer any moneys remaining in the Debt Service Fund to the City for deposit into the Water Fund.

- (iii) Reserve Funds (if applicable). On or before the 6th Business Day of the month preceding each Interest Payment Date, so long as any Bonds remain Outstanding, the City shall withdraw from the Water Fund and transfer to the payee for any Parity Debt an amount of Net Revenues which is needed to cure any deficiency in any reserve fund established for any Parity Debt (if any), in accordance with the applicable Parity Debt Instrument.
- (iv) Other Authorized Uses. The City shall manage, conserve and apply moneys in the Water Fund in such a manner that all deposits required to be made and under the Parity Debt Instruments (if any) will be made at the times and in the amounts so required. Subject to the foregoing sentence, so long as no Event of Default has occurred and is continuing, the City may at any time use and apply moneys in the Water Fund for any one or more of the following purposes: (A) the acquisition and

construction of extensions and betterments to the Water System, (B) the redemption of any of the Bonds or Parity Debt which is then subject to redemption or the purchase thereof from time to time in the open market, at prices and in such manner, either at public or private sale, or otherwise, as the City in its discretion may determine; or (C) any other lawful purpose of the City.

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

### **Receipt and Use of Net Revenues by the Trustee**

All Net Revenues received by the Trustee shall be promptly deposited by the Trustee upon receipt in a special fund designated as the “**Debt Service Fund**” which the Trustee shall establish, maintain and hold in trust. The Trustee shall apply amounts in the Debt Service Fund solely for the purpose of paying the interest on the Outstanding Bonds when due and payable (including accrued interest on any Bonds purchased or redeemed under the Indenture), and paying the principal of the Bonds at the maturity thereof. Upon the payment of all Outstanding Bonds, the Trustee shall transfer any moneys remaining in the Debt Service Fund to the City for deposit into the Water Fund.

### **No Reserve Fund**

The City will not fund a debt service reserve fund for the Bonds.

### **Rate Stabilization Fund**

The City has the right at any time to establish a rate stabilization fund (the “**Rate Stabilization Fund**”) to be held by it and administered in accordance with the Indenture, for the purpose of stabilizing the fees, rates and charges imposed by the City with respect to the Water System. From time to time the City may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Net Revenues that are released from the pledge and lien which secures the Bonds and any Parity Debt, as the City may determine.

The City may, but is not required to, withdraw from any amounts on deposit in a Rate Stabilization Fund and deposit such amounts in the Water Fund in any Fiscal Year. Amounts so transferred from a Rate Stabilization Fund to the Water Fund may constitute Gross Revenues for such Fiscal Year, and count toward the City’s rate covenants in the Indenture, as and to the extent described below under “– Rate Covenants – Use of Rate Stabilization Fund”. Amounts on deposit in the Rate Stabilization Fund shall not be pledged to or otherwise secure the Bonds or any Parity Debt. All interest or other earnings on deposits in a Rate Stabilization Fund shall be withdrawn therefrom at least annually and accounted for as Gross Revenues in the Water Fund. The City has the right at any time to withdraw any or all amounts on deposit in the Rate Stabilization Fund and apply such amounts for any lawful purposes of the City.

The City does not currently have any amounts set aside in the Rate Stabilization Fund, but does maintain other reserves related to the Water System. See “THE WATER SYSTEM – Reserves.”

## Rate Covenants

**Sum Sufficient.** Under the Indenture, the City must fix, prescribe and collect fees, rates and charges for the Water System during each Fiscal Year which are at least sufficient to produce Gross Revenues which will be sufficient to pay the following amounts:

- (i) all Maintenance and Operation Costs of the Water System estimated by the City to become due and payable in such Fiscal Year;
- (ii) the debt service on the Bonds and on any Parity Debt (if any) due and payable in such Fiscal Year;
- (iii) all other payments required for compliance with this Indenture and the Parity Debt Instruments (if any); and
- (iv) all payments required to meet any other obligations of the City that are charges, liens, encumbrances upon or payable from the Gross Revenues of the Water System or the Net Revenues of the Water System.

**Debt Service Coverage.** In addition, the City shall fix, prescribe and collect fees, rates and charges for the Water System during each Fiscal Year which are sufficient to yield Net Revenues at least equal to 125% of the amounts payable under the directly above clause (ii) in such Fiscal Year.

**Use of Rate Stabilization Fund.** For purposes of the foregoing rate covenants, the amount of Gross Revenues for a Fiscal Year may include transfers into the Water Fund from the Rate Stabilization Fund during a Fiscal Year (or within 270 days following the end of such Fiscal Year), except to the extent of amounts transferred into the Rate Stabilization Fund from Gross Revenues received by the City for the same Fiscal Year, so as to avoid double-counting.

## Parity Debt

With the refunding of the 2012 Bonds, there will be no outstanding obligations payable from the Net Revenues of the Water System on parity with the Bonds. However, under the Indenture, the City may issue or incur Parity Debt in such principal amount as shall be determined by the City, subject to the following conditions precedent:

- (a) The City shall be in compliance with all covenants set forth in the Indenture.
- (b) Net Revenues, as shown in the audited financial statements of the City for the latest Fiscal Year or the books of the City for any more recent 12-month period selected by the City ending not more than 60 days prior to the incurrence of the Parity Debt, plus, at the option of the City, any or all of the items hereinafter in this paragraph designated (i) and (ii), shall at least equal 125% of Maximum Annual Debt Service, with Maximum Annual Debt Service calculated with respect to the Bonds and all such other Parity Debt. The items any or all of which may be added to such Net Revenues for the purpose of issuing or incurring Parity Debt hereunder are the following:
  - (i) An allowance for Net Revenues from any additions to or improvements or extensions of the Water System to be made with the proceeds of such Parity Debt, and also for Net Revenues from any such additions,

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

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

Notwithstanding the foregoing, Parity Debt proposed to be issued for the purpose of refunding any Parity Debt may be issued without compliance with subsection (b), so long as such refunding results in lower debt service in each Fiscal Year after such refunding.

For a definition of “**Maximum Annual Debt Service**” see APPENDIX A.

### **No Senior Debt**

The City covenants in the Indenture 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 Bonds. However, this covenant does not limit or affect the ability of the City to issue, enter into or incur additional Parity Debt as described above, or obligations which are either unsecured or which are secured on a basis which is junior and subordinate to the pledge of and lien upon the Net Revenues established under the Indenture.

### **Casualty Insurance and Eminent Domain Proceeds**

***Covenant to Maintain Insurance.*** The City covenants that it will at all times maintain such insurance on the Water System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such works or properties.

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

***Eminent Domain Proceeds.*** If all or any part of the Water System is taken by eminent domain proceedings, the Net Proceeds realized by the City therefrom will be deposited by the City in a special fund in trust and applied by the City, in its discretion, to the cost of acquiring or constructing or financing improvements to the Water System, or to redeem Bonds or any Parity Debt in accordance with the Indenture and applicable Parity Debt Instruments, as determined by the City.

## THE CITY

### General

The City is a general law city located in the County of San Joaquin (the “**County**”) and is centrally located in the State, in the San Joaquin Valley between the San Francisco Bay Area and the Sierra Nevada foothills. The City’s strategic location at the intersection of Interstate 5, Highway 99, and SR-120 has made it a popular spot for Bay Area commuters. The City now hosts key facilities like the ACE Train, Manteca Transit Center, and a growing list of attractions such as Great Wolf Lodge and Big League Dreams Sports Park. The City population was estimated to be 93,733 as of January 1, 2025. The City’s boundaries span 21.4 square miles.

The City is a general law city and operates under the council–manager form of government. The City Council consists of five members elected at large to serve four-year overlapping terms, with elections held every two years. The Mayor is directly elected by the voters to a four-year term. The Vice Mayor is selected by the City Council from among its members to serve a two-year term.

For additional background, demographic and economic information regarding the City and the County, see APPENDIX D.

### Employees

The Water System currently has 41 full-time equivalent employees (FTEs). Certain employees belong to several different labor unions. The City currently is subject to multi-year contracts with its labor unions. The City has not experienced any strike or other work stoppage in the last 10 years. The City adopted its current memoranda of understanding with its bargaining groups all of which are scheduled to expire June 30, 2026 and renegotiation of the contracts is currently underway.

### Budget Process

Prior to June 1 of each year, the City Manager submits a proposed budget for the City for the fiscal year commencing the following July 1 to the City Council. The City Council conducts public hearings to obtain comments from residents and ratepayers. Subsequent to the public hearings, the City Council approves the budget prior to July 1.

The City’s budget is prepared on a modified accrual basis and includes the City’s Water Fund. The City Council approved the operating budget for fiscal year 2025-26 on June 17, 2025.

The City provides quarterly updates to the City Council for all City funds, including the Water Fund, comparing budget-to-actuals.

## Management and Financial Policies

The City has adopted several policies designed to ensure the prudent and effective management of City operations, including a general accounting policy, a capital improvement policy, a debt management policy, a disclosure policy, a financial planning policy, a capital assets policy, an investment policy, a procurement policy, a reserve policy and a policy and procedures manual. Further information about each such policy is set forth below.

**Accounting Policy.** The City's accounting policy sets forth guidelines with respect to the collection and disbursement of City resources and the preparation of the City's audited financial statements. Under the accounting policy: (i) the City accounts for financial resources in accordance with generally accepted accounting principles applicable to governmental agencies such as the City ("GAAP"), Financial Accounting Standards Board statements, Accounting Principles Board opinions and Accounting Research Bulletins of the Committee on Accounting Procedure; (ii) investments held by the City are valued at fair market value and categorized based on investment risk; and (iii) procedures to prevent loss, theft or misuse of City funds, including prohibiting employees who authorize transactions from recording such transactions, avoiding physical delivery of securities and requiring written confirmation for all transactions, are established.

**Capital Improvement Policy.** Under the City's capital improvement policy, all new developments in the City must be approved by the City Engineer and surety bonds or standby letters are required from developers to ensure the construction of required offsite improvements. City-funded projects are categorized as either: (i) current year funded (appropriated) projects; (ii) 5-year capital improvement plan projects; (iii) planned but unfunded projects required to maintain existing levels of services; and (iv) unfunded future needs projects to support anticipated growth. The capital improvement policy also establishes how projects will be funded; Water System funding sources include developer impact fees, connection charges, and remaining revenues after debt service on Water System obligations is paid. The City's 5-year capital improvement plan is updated with input from each department annually, and projects are prioritized based on revenue generation or cost avoidance, health, safety and welfare, level of service, required maintenance, aesthetic and other considerations. See "THE WATER SYSTEM – Capital Improvement Plan (CIP)" for additional details on the current CIP for the Water System.

**Debt Management Policy.** The City's debt management policy addresses the matters that are required by California Government Code § 8855(i), including: (i) the purposes for which debt proceeds may be used; (ii) the types of debt that may be issued; (iii) the relationship of the debt to, and integration with, the City's capital improvement program or budget; (iv) policy goals related to the City's planning goals and objectives; and (v) the internal control procedures which ensure that the proceeds of each debt issuance are directed to their intended use.

**Continuing Disclosure Compliance Procedures.** The City has adopted continuing disclosure compliance procedures as a component of its debt management policy. These procedures designate the City's Finance Director as the "Responsible Officer" that is in charge of compiling and filing annual reports and notices of enumerated events in accordance with SEC Rule 15c2-12. The Responsible Officer is also responsible for retention of records related to continuing disclosure matters.

**Financial Planning Policy.** Under the City's financial planning policy: (i) revenues will be estimated conservatively and expenditures will be estimated realistically; (ii) the Finance Department will prepare an annual financial assessment of the City and a 5-year financial forecast

for the City, including, for the Water System, anticipated changes in rates, debt service coverage and reserve levels; and (iii) the City will prepare a 10- or 20-year Water System master plan.

**Capital Assets Policy.** The City's capital assets policy establishes a methodology for determining which assets will be capitalized and the value to assign to such assets. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at estimated acquisition value on the date contributed. All other capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for intangible right to-use lease assets, the measurement of which is discussed in the City's audited financial statements, and intangible right to use subscription assets, the measurement of which is described in the City's audited financial statements. The City's practice is to capitalize all assets with costs exceeding the \$5,000 threshold.

**Investment Policy.** The City's investment policy is described under the caption "— Investment of Funds."

**Procurement Policy.** Under the City's procurement policy: (i) professional services will be procured competitively through a request for proposal process, unless approved by the City Council under certain circumstances such as emergencies or grant or loan requirements; (ii) all contracts in excess of \$100,000 must be approved by the City Council and include a not-to-exceed compensation amount; and (iii) contracts may not be for a term in excess of five years.

**Reserve Policy.** The purpose of the City's reserve policy for enterprise funds such as the Water Fund is to build a cash balance for daily needs, emergency expenditures in the event of a natural disaster and unanticipated operating deficits as a result of a revenue shortfall. Under the reserve policy, the City will maintain unrestricted Water Fund reserves in an amount that is equal to 25% of Water System annual operating expenses. The Water Fund reserve amount is separately identified in the City's accounting records, financial statements and budgets. See "— Reserves" for additional details on current and historical reserve balances.

**Policy and Procedures Manual.** The City has also adopted a policy and procedures manual which sets forth detailed guidelines for staff with respect to accounting, cash management, capital assets, cash receipts and accounts payable.

## **Pension Plans and OPEB**

*This section contains certain information relating to California Public Employees' Retirement System ("CalPERS"). The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. The City has not independently verified the information provided by CalPERS and makes no representations and expresses no opinion as to the accuracy of the information provided by CalPERS.*

*The comprehensive annual financial reports of CalPERS are available on its Internet website at [www.calpers.ca.gov](http://www.calpers.ca.gov). The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference in this Official Statement. Neither the City nor the Underwriter can guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future. Actuarial assessments will change with the future experience of the pension plans.*

The City has three defined benefit pension plans, a Miscellaneous Plan, a Safety (Police and Fire) Plan, and a Retirement Enhancement Plan. The Miscellaneous Plan is an Agent-Multiple Employer Plan and the Safety Plan is a Cost-Sharing Multiple Employer Plan, both of which are administered by CalPERS. The Retirement Enhancement Plan is an Agent-Multiple Employer Plan administered by the Public Agency Retirement System (“**PARS**”). Benefit provisions under the Plans are established by State statute and City Ordinance. The PARS Plan is closed to new participants.

**Miscellaneous Plan Benefits Provided.** CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law. The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012.

Approximately 15.32% of the Miscellaneous Plan contributions made by the City to CalPERS for Fiscal Year 2025-26 are expected to be allocable to the Water System, based on the methodology currently employed by the City.

The Miscellaneous Plan provisions and benefits in effect at June 30, 2025, are summarized as follows:

	<b>Miscellaneous Plan</b>		
	<b>Classic Tier I</b>	<b>Classic Tier II</b>	<b>PEPRA</b>
Hire Date	Prior to Apr. 3, 2012	After Apr. 3, 2012	On or after Jan. 1, 2013
Benefit Formula	2.7% @ 55	2.0% @ 60	2.0% @ 62
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Retirement Age	50 - 55	50 - 63	52 - 67
Monthly Benefits, As a % of Eligible Comp.	2.0% - 2.7%	1.092% - 2.418%	1.0% - 2.5%
Required Employee Contribution Rates	8%	7%	7.75%
Required Employer Contributions Rates	11.600%	11.600%	11.600%

Source: Manteca Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2025.

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are billed on a monthly basis or the City can elect a lump sum payment option. The City’s required contribution for the unfunded liability was \$5,767,118 in fiscal year 2025, which was made under the lump sum prepayment option.

**Employees Covered.** The following employees were covered by the benefit terms for the Miscellaneous Plan as of the most recent actuarial valuation date of June 30, 2023 and the measurement date of June 30, 2024. As of June 30, 2025, the City had 325 active employees in the Miscellaneous Plan.

<b>Employees</b>	<b>June 30, 2023</b>	<b>June 30, 2024</b>
Inactive employees or beneficiaries receiving benefits	328	339
Inactive employees entitled to but not yet receiving benefits	328	359
Active employees	<u>308</u>	<u>316</u>
<b>Totals</b>	<b>964</b>	<b>964</b>

Source: Manteca Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2025.

**Contributions.** Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

**Pension Expense.** For the year ended June 30, 2024, the City recognized pension expense of \$11,200,599 for the Miscellaneous Plan.

**Net Pension Liability.** The City's net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024 using standard update procedures. The changes in net pension liability for the Miscellaneous Plan from June 30, 2023 to June 30, 2024 are shown in the following table.

	<b>Miscellaneous Plan</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability/(Asset)</b>
<b>Balance at June 30, 2023</b>	<b>\$226,543,871</b>	<b>\$155,073,131</b>	<b>\$71,470,740</b>
<b>Changes in the Year:</b>			
Service Cost	\$4,645,118	--	\$4,645,118
Interest on the Total Pension Liability	15,556,336	--	15,556,336
Changes in Benefit Terms	--	--	--
Changes of Assumptions	--	--	--
Differences Between Actual & Expected Experience	2,155,981	--	2,155,987
Net Plan to Plan Resource Movement	--	--	--
Contributions – Employer	--	9,079,427	(9,079,427)
Contributions – Employees	--	2,152,520	(2,152,520)
Net Investment Income	--	15,025,666	(15,025,666)
Benefit Payments, Including Refunds of Employee Contr.	(11,136,538)	(11,136,538)	--
Administrative Expense	--	(126,183)	126,183
Other Misc. Income/(Expense)	--	--	--
<b>Net Changes</b>	<b><u>11,220,897</u></b>	<b><u>14,994,892</u></b>	<b><u>(3,773,995)</u></b>
<b>Balance at June 30, 2024</b>	<b>\$237,764,768</b>	<b>\$170,068,023</b>	<b>\$67,696,745</b>

Source: CalPERS GASB 68 Accounting Report.

**Safety Plan Benefits Provided.** The City's Safety Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan ("PERF C"), which is administered by CalPERS. PERF C consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans,

respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors five rate plans (two fire and three police) within the safety risk pool.

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. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012.

The Safety Plan provisions and benefits in effect at June 30, 2025, are summarized as follows:

	<b>Safety Plan</b>		
	<b>First Tier</b>	<b>Second Tier</b>	<b>PEPRA</b>
Hire Date	Prior to Apr. 3, 2012	After Apr. 3, 2012	On or after Jan. 1, 2013
Benefit Formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Retirement Age	50	50 - 55	50 - 57
Monthly Benefits, As a % of Eligible Comp.	3%	2.4% - 3.0%	2.0% - 2.7%
Required Employee Contribution Rates	9%	9%	14.50%
Required Employer Contributions Rates	29.090%	24.790%	14.720%
Required UAL Contribution	\$3,669,888	\$15,426	\$18,439

	<b>Safety</b>	
	<b>First Tier</b>	<b>PEPRA</b>
Hire Date	Prior to/After Apr. 3, 2012	On or after Jan. 1, 2013
Benefit Formula	3% @ 55	2.7% @ 57
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50 - 55	50 - 57
Monthly Benefits, As a % of Eligible Comp.	2.4% - 3.0%	2.0% - 2.7%
Required Employee Contribution Rates	9%	14.50%
Required Employer Contributions Rates	26.290%	14.720%
Required UAL Contribution	\$2,483,544	\$10,520

*Source: Manteca Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2025.*

Beginning in fiscal year 2016, CalPERS collects employer contributions for the cost-sharing plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL) as noted in the table above. The dollar amounts are billed on a monthly basis or can be paid in a lump sum at a reduced amount. The City elected to make the lump sum contributions and the required contribution for the unfunded liability was \$6,197,817 in fiscal year 2025.

**Contributions.** Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30

by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. For the year ended June 30, 2025, the contributions to the Safety Plan were \$9,663,435.

**Pension Expense.** For the year ended June 30, 2025, the City recognized pension expense of \$14,987,682 for the Safety Plan.

Changes in Net Pension Liability are subject to various assumption and are sensitive to changes in the discount rate for the Miscellaneous Plan, Safety Plan, among other things. For additional details on the Miscellaneous Plan, Safety Plan and related matters, see Note 10 to the City's audited financial statements for the fiscal year ending June 30, 2025, attached hereto as Appendix B.

**Potential Impacts on Future Required Contributions.** The CalPERS Board of Administration has adjusted and may in the future further adjust certain assumptions used in the CalPERS actuarial valuations, which adjustments may increase the City's required contributions to CalPERS in future years. Accordingly, the City cannot provide any assurances that the City's required contributions to CalPERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions.

Change in Assumptions/Discount Rate. The prescribed discount rate assumption, adopted by the CalPERS board on November 17, 2021, is 6.80% compounded annually (net of investment and administrative expenses) as of June 30, 2023. On April 16, 2024, the CalPERS board took action to modify the Funding Risk Mitigation Policy to remove the automatic change to the discount rate when the investment return exceeds various thresholds. Rather than an automatic change to the discount rate, a CalPERS board discussion would be placed on the calendar.

Investment Performance. CalPERS earnings reports for Fiscal Years 2016 through 2024 report investment gains of approximately 0.6%, 11.2%, 8.6%, 6.7%, 4.7%, 21.3%, -6.1%, 5.8%, and 9.3%, respectively. The CalPERS Fiscal Year 2023-24 investment gain of 9.3% is not included in the numbers included herein. Future earnings performance may increase or decrease future contribution rates for plan participants, including the City. CalPERS has preliminarily reported a 11.6% investment return for Fiscal Year 2024-25.

*The CalPERS website contains the most recent actuarial valuation reports for the City's Miscellaneous Plan and Safety Plan and other information that concerns benefits and other matters. The Comprehensive Annual financial reports of CalPERS are also available on CalPERS' Internet website at [www.calpers.ca.gov](http://www.calpers.ca.gov). The textual reference to such Internet website is provided for convenience only. None of the information on such Internet website is incorporated by reference herein. Neither the City nor the Underwriter guarantee the accuracy of such information.*

See "APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2024 – Note (10)" for additional information regarding

the Plans, including a description of the actuarial methods and assumptions used to measure the City's net pension liability as of the June 30, 2023 measurement date.

**PARS Plan.** Effective October 1, 2001, the City contracted with the Public Agency Retirement System (PARS), to sponsor a supplemental Retirement Enhancement Plan created in accordance with IRC Section 401(a), which is a qualified agent multiple-employer defined benefit pension plan covering all eligible employees of the City. All eligible employees covered by this plan are fully vested. As of the June 30, 2024 measurement date, there were 8 employees (all inactive) covered by the PARS Plan. The City contributed \$338,000 to the PARS Plan for the fiscal year ended June 30, 2025. The PARS Plan is closed to new participants.

**Deferred Compensation Plan.** City employees may defer a portion of their compensation under a City sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency defined by the plan. The laws governing deferred compensation plan assets require plan assets to be held by a trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to City control, they are excluded from the City's financial statements.

**Other Post-Employment Benefits (OPEB).** The City's Other Post Employment Benefit Plan is a single-employer defined benefit OPEB plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75. The City provides postretirement health care benefits to employees who retire in good standing from the City after attaining the age of 50 and to certain employees who retire due to disability. As of June 30, 2025, there were 228 participants receiving these health care benefits.

**Benefits Provided.** In order to qualify for postemployment medical and dental benefits an employee must retire from the City and maintain enrollment in one of the City's eligible health plans. In addition, there are eligibility rules and contribution requirements defined in the Memorandum of Understanding (MOU) with each employee group. For all retirements effective as of January 1, 2012 through June 30, 2012, the City-paid contribution for retiree health will be equal to the Minimum Employer Contribution (MEC) as set by CALPERS. For retirements effective on or prior to December 31, 2011, the benefit is set at the amount the employee or retiree was receiving as of December 31, 2011 for health benefits. For the year ended June 30, 2025, the City's contributions to the Plan were \$2,105,834.

**Employees Covered by Benefit Terms.** Membership in the plan consisted of the following at the measurement date of June 30, 2024:

<b>Employees</b>	<b>June 30, 2024</b>
Active Employees	438
Inactive employees or beneficiaries currently receiving benefit payments	227
Inactive employees or beneficiaries entitled but not yet receiving benefit payments	81
<b>Total</b>	<b>746</b>

**Total OPEB Liability.** For the year ended June 30, 2025, the City recognized total OPEB liability of \$37,410,931.

**OPEB Expense.** For the year ended June 30, 2025, the City recognized OPEB expense of \$2,365,474.

See APPENDIX B Note 11 for additional details regarding the City's pension and other employee benefits, including as relates to its CalPERS Plan, PARS Plan and OPEB.

### **City Investments**

The investment of the City's funds is performed in accordance with the adopted Investment Policy, which was most recently adopted by the City Council in August 2025.

The Investment Policy sets forth the policies and procedures that are applicable to the investment of City funds and designates eligible investments. The Investment Policy also sets forth stated objectives, including the assurance of the safety of invested funds, the maintenance of sufficient liquidity, compliance with law and the attainment of the best yield or returns on investments. Funds are invested in the following order of priority:

- Preservation of Principal (Safety);
- Liquidity; and
- Achieve a reasonable rate of return.

The City Council has delegated the authority to invest City funds to the City Treasurer and, if not appointed as City Treasurer, the Finance Director. The Investment Policy provides a number of permitted investment categories, including (1) United States Treasury Bills, Bonds and Notes, (2) Federal agency or United States government-sponsored enterprise obligations, (3) California State and local agency obligations meeting specified rating criteria, (4) LAIF, and (5) various other investments as detailed therein. The City's investments are reported quarterly to the City Council.

For additional information relating to the Investment Policy, see Note 3 to the City's audited financial statements for Fiscal Year 2024-25 set forth in Appendix B.

### **City Insurance**

On June 1, 2002, the City joined the Municipal Pooling Authority ("MPA")'s workers' compensation program. The City joined the MPA's general liability program on January 1, 1998. The MPA provides coverage against the following types of loss risks under the terms of a joint-powers agreement with the City and several other cities and governmental agencies in the amounts shown in Note 13 to the City's audited financial statements for Fiscal Year 2024-25 set forth in Appendix B.

The City provides for the uninsured portion of claims and judgments in the Insurance Internal Service Fund. Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed, above, the City has coverage for such claims, but it has retained the risk for the deductible, or uninsured portion of these claims.

The City's liability for uninsured claims was estimated by management based on prior years' claims experience as shown in Note 13 to the City's audited financial statements for Fiscal Year 2023-24 set forth in Appendix B.

### **Development Activity**

The City has experienced substantial residential and commercial development in recent years, and there are various additional projects currently under development. Connections to the

Water System have increased a total of 8.3% over the last 4 years, driven primarily by new residential development. Since 2015 an average of 681 single-family building permits have been issued each calendar year.

The current projects under active (or proposed) development include, but are not limited to the following:

#### Residential Developments

- Griffin Park (active; planned for 1,301 single-family units and 5 acres commercial)
- The Trails (active; planned for 1,178 single-family units, 192 townhome units, and 280 apartment units)
- Villa Ticino (active; planned for 766 single-family units)
- Oakwood Trails (active; planned for 670 single-family units)
- Arbor Bend (active: planned for 464 single-family units)
- The Collective (active; planned for 222 single-family units)
- Union Ranch North (proposed; planned for 417 single-family units)
- Yosemite Square (active; planned for 979 single-family units)
- 320 N Airport (active; planned for 123 single-family units)
- Kiper at Indelicato (active; planned for 173 single-family units)

#### Commercial Developments

- Family Entertainment Zone (FEZ) Master Plan (proposed; 150-acres)
- Manteca Crossing (active; 15.4 acres)
- Union Crossing (active; 5.2 acres)
- Orchard Valley Mall revitalization (active; 54 acres)

## THE WATER SYSTEM

### General

The City provides potable water service to the residents, businesses and industries within the City through the Water System, which is comprised of a series of pipes, turnouts, groundwater wells, storage reservoirs, and pump stations all operating as a single pressure zone. The system has two sources of supply; ground water from City wells, and surface water supplied by South San Joaquin Irrigation District (SSJID). The SSJID water is provided as a result of the South County Surface Water Project (SCSWP), a joint effort of SSJID and the cities of Oakdale, Tracy, Manteca, Lathrop and Escalon. The SCSWP was designed to be constructed in two phases. The first phase included the first half of the water treatment facility, along with all the piping and facilities to move the water from the source to the cities. Auxiliary facilities include an operations and maintenance building, finished water storage facilities, storm water detention basin, water stream management facilities, electric substation and miscellaneous yard structures. This phase was completed in 2005, and has been delivering water to the city since then. The second phase, discussed below under “– Water Supply”, will be an expansion of the plant, currently projected to begin construction in 2040. While demand for water continues to grow, the pace of growth is moderated by water conservation requirements in the City’s municipal code implementing certain State mandated water conservation measures.

### Management

Brief biographies of key members of City staff involved in management of the Water System and its finances are set forth below:

***Somporn Boonsalat, Deputy Director, Engineering Department.*** Mr. Boonsalat is the Deputy Director of Engineering for the City. In that role, he plans, organizes, directs and controls activities related to the design, construction and operation of public works facilities, including the Water System. He joined the City in 2022. Prior to that, he was an Associate Engineer at Union Sanitary District for 4 years, Associate/Assistant Civil Engineer at the City of Stockton for approximately 10 years, and an Assistant Engineer with Sacramento County, Water Resources Department – Drainage Design Section for 2 years. He received a bachelor’s degree in Civil Engineering from the University of the Pacific and completed coursework towards a Master of Science degrees in Water Resources Engineering and Water Quality Engineering at California State University – Sacramento. He is a California Licensed Civil Engineer and holds a Grade V Wastewater Operator Certification.

***Matthew Boring, Finance Director.*** Mr. Boring is the Finance Director for the City. In that role, he oversees the finance department, including budget, accounting and audit functions, including with respect to the Water System. He joined the City in September 2024 as the Assistant Finance Director and served as Interim Director from April 2025 to November 2025. Prior to that, he was Director of Finance for the City of Galt for 2.5 years, Finance and Budget Manager for Stanislaus County Community Services Agency for 1.5 years and Accounting Manager for the City of Galt for 8 years. He has a degree from California State University – Stanislaus and a Master of Business Administration (MBA) from LSU Shreveport.

## Water Supply

The City of Manteca's water supply comes from two sources: groundwater and treated surface water. Groundwater is extracted from 17 active wells located throughout the City, while treated surface water is purchased from the South San Joaquin Irrigation District ("**SSJID**") and delivered via the South County Water Supply Program ("**SCWSP**") from Woodward Reservoir. The City began receiving treated surface water from SSJID in the summer of 2005, with deliveries of up to 11,500 acre-feet per year. Most City customers receive a blended supply of groundwater and surface water, with the proportion varying seasonally.

**SSJID.** SSJID has supplied surface water to the City since 2005, following the commissioning of the Nick C. DeGroot Water Treatment Plant ("**WTP**") for the SCWSP. In the late 1990s, the City, together with the cities of Escalon, Lathrop, and Tracy, entered into water supply agreements with SSJID and initiated planning for the SCWSP. The WTP currently has a treatment capacity of 40 million gallons per day ("**MGD**") and treats water drawn from the Stanislaus River and stored in SSJID's Woodward Reservoir. At present, the SCWSP delivers potable water to Manteca, Tracy, and Lathrop. Upon implementation of Phase II, the system is expected to extend service to Escalon and increase overall capacity through the addition of a pump station and two storage tanks.

In its 2020 Urban Water Management Plan ("**UWMP**"), SSJID indicated that planning for Phase II would begin once SCWSP demand exceeds 80 percent of the existing WTP capacity, and for planning purposes assumed Phase II would begin production in 2040. Under the existing facilities, the City is entitled to receive up to 11,500 acre-feet per year ("**AFY**"), which will increase to 18,500 AFY following completion of Phase II. The most recent water supply agreement between the City and SSJID was executed in December 2020 and extends through December 2049.

In December 2025, SSJID notified the member cities that it anticipated raising rates for raw water costs by up to 334%, effective as of January 2027. The rate is expected to increase from \$30.89 per acre foot to \$130.27 per acre foot. The City does not anticipate increasing the user rates at this time and will evaluate impacts to its budget during the next user rate review in fiscal year 2028-29. Based on the raw water obtained from SSJID in Fiscal Year 2024-25, the increase in raw water cost is expected to increase the City's overall operating costs by approximately \$1-1.25 million per year.

**Groundwater.** The City currently operates 16 groundwater wells, with well depths ranging from 240 feet to 450 feet. The City has an allowable groundwater sustainable yield of 10,737 acre-foot per year.

The 2014 Sustainable Groundwater Management Act ("**SGMA**") enacted groundwater management legislation in California in response to continued overdraft of the State's groundwater resources. It required the formation of Groundwater Sustainability Agencies ("**GSAs**") responsible for developing Groundwater Sustainability Plans ("**GSPs**") with plans to achieve sustainable groundwater use in each basin by 2040. The SGMA defines sustainable groundwater management as "management and use of groundwater in a manner that can be maintained during the planning and implementation horizon without causing undesirable results." These GSPs are intended to foster long-term and coordinated management of high- and medium-priority groundwater basins, which includes the Eastern San Joaquin Subbasin (the "**ESJ**")

**Subbasin**”), where the City is located. The City, along with 15 other GSAs formed the Eastern San Joaquin Groundwater Authority and prepared a GSP which was one of six plans approved by the Department of Water Resources in 2023 (the “**ESG Subbasin GSP**”).

## **Water Quality**

Water quality in the shallow aquifer is generally acceptable for irrigation purposes, though there are some concerns throughout the ESJ Subbasin regarding salinity intrusion from the San Joaquin River. This is reflected in some instances of higher sodium and chloride levels, increasing total dissolved solids (“**TDS**”) concentrations, and general degradation of water quality from overlying land uses. Additionally, the City Parks and Recreation Department has reported that some wells in the southeast section of the City are likely suffering from poor water quality as evidenced by trees in those parks showing signs of salt stress.

In general, the water quality in the deeper aquifer is suitable for potable use with minimal treatment, though arsenic, nitrate, and other contaminants are a growing concern.

On December 14, 2017, the State Water Resources Control Board (“**SWRCB**”) adopted a new Maximum Contaminant Level (“**MCL**”) for 1,2,3-Trichloropropane (“**TCP**”) of 5 parts per trillion (ppt) and required all water suppliers in California to begin testing their sources for the contaminant in the first quarter of 2018. As of the end of 2025, the City is in full compliance with all water quality standards for groundwater..

**PFAS.** Perfluorooctanoic acid (“**PFOA**”) and Perfluorooctanesulfonic acid (“**PFOS**”) are fluorinated organic chemicals which are part of a family of synthetic compounds referred to as per- and polyfluoroalkyl substances (“**PFAS**”). PFAS are also known as “forever chemicals” as they are not easily broken down in the environment.

In 2019, the SWRCB lowered the Notification Levels (the “**NLs**”) for PFOA and PFOS to 5.1 and 6.5 parts per trillion (“**PPT**”), respectively. NLs are non-regulatory, precautionary health-based measures for concentrations of chemicals in drinking water that warrant notification and further monitoring and assessment. In 2020, the SWRCB lowered the Response Level (the “**RL**”) for PFOA and PFOS from 70 PPT, combined, to 10 and 40 PPT, respectively. RLs are non-regulatory, precautionary health-based measures that are set at higher levels than NLs and represent thresholds at which the SWRCB recommends that water systems remove a water source from use or treat it.

In addition, on March 14, 2023, Maximum Contaminant Levels of 4 PPT for PFOA and PFOS and cumulative limits for certain other chemicals which are described below were proposed by the United States Environmental Protection Agency (the “**EPA**”). The City is currently conducting trials of its treatment process pursuant to which it is assessing the City’s ability to meet the Maximum Contaminant Levels set forth in the EPA proposal.

In addition to PFOS and PFOA, the SWRCB tasked the California Office of Environmental Health Hazard Assessment with evaluating and recommending NLs for the following additional PFAS compounds on February 6, 2020: perfluorohexane sulfonic acid (known as PFHxS), perfluorobutane sulfonic acid (known as PFBS), perfluorohexanoic acid (known as PFHxA), perfluoroheptanoic acid (known as PFHpA), perfluorononanoic acid (known as PFNA), perfluorodecanoic acid (known as PFDA) and 4,8-dioxia-3H-perfluorononanoic acid (known as ADONA). There can be no assurance as to the timing of the release of such recommendations. The establishment of a Hazard Index (a tool that assesses the cumulative health effect) for

aggregate levels of the foregoing compounds other than ADONA is also included in the EPA's March 14, 2023 regulatory proposal, which is described above.

In April 2024, the United States Environmental Protection Agency (“**USEPA**”) adopted the Final PFAS National Primary Drinking Water Regulation containing various Maximum Contaminant Levels (“**MCLs**”). In May 2025, the USEPA announced its intention to extend the timelines for public water systems to comply with the MCLs for PFOA and PFOS to 2029. The USEPA also announced its intention to rescind the regulations and reconsider the regulatory determinations for PFHxS, PFNA, HFPO-DA and the Hazard Index mixture of these three PFAS plus PFBS to ensure that the determinations and any resulting drinking water regulation follow the legal process laid out in the Safe Drinking Water Act. According to the USEPA, the USEPA plans to issue a proposed rule in the fall of 2025 and finalize the new rule in the spring of 2026.

The City's goal is to ensure that all drinking water served to customers meets or exceeds all applicable State and federal water quality standards, including those related to PFAS. The City does not currently anticipate that implementation of the lowered PFAS RL by the SWRCB will compel it to construct significant additional PFAS treatment facilities or otherwise result in a material adverse effect on the operation of the City or the costs thereof. The projected operating results which are set forth under the caption “—Historical and Projected Operating Results and Debt Service Coverage” do not assume significant increases in water treatment or other City operating costs to meet State regulations relating to PFAS.

## **Drought Management**

In 2018, the California State Legislature (Legislature) enacted two policy bills, (Senate Bill (SB) 606 (Hertzberg) and Assembly Bill (AB) 1668 (Friedman)) (“**2018 Water Conservation Legislation**”), to establish a new foundation for drought planning to adapt to climate change and the resulting longer and more intense droughts in California. The 2018 Water Conservation Legislation set new requirements for water shortage contingency planning. The City's Water Shortage Contingency Plan (“**WSCP**”) was updated in July 2023 so that it is consistent with the 2018 Water Conservation Legislation requirements. The City intends for its WSCP to be an adaptive management plan so that it may assess response action effectiveness and adapt to emergencies and catastrophic events. Refinement procedures and adoption requirements are provided in the plan to allow the City to modify the WSCP outside of the UWMP process.

The City's UWMP indicates that it can reliably meet its projected demands through 2045 in both normal and dry years. For a five-year drought beginning in 2021 (i.e., the Drought Risk Assessment), no water supply shortfalls are anticipated. In response to any supply shortfalls that may occur, the City may declare a water shortage stage. To provide a consistent regional and statewide approach to conveying the relative severity of water supply shortage conditions, the 2018 Water Conservation Legislation mandates that water suppliers plan for six standard water shortage levels (also called shortage stages) that correspond to progressive ranges of up to 10, 20, 30, 40, 50 percent, and greater than 50 percent shortages from the normal reliability condition. Each shortage condition should correspond to additional actions water suppliers would implement to meet the severity of the impending shortages. A water shortage is the gap between available supply and projected demands. The City's WSCP complies with that requirement, with increasing mandatory reductions in water use becoming effective when a shortage exceeds the 30% shortage range.

In compliance with California Water Code Section 10632(a)(4), in response to shortages, the City's WSCP also provides for a range of shortage response actions, including demand

reduction actions, mandatory restrictions (including on landscaping, automobiles and various commercial uses), supply augmentation measures, as well as other operational measures deemed appropriate. The WSCP also includes an emergency response plan in the case of catastrophic water shortage conditions as well as a seismic risk assessment and mitigation plan,

Hydrological conditions in California can vary widely, both in location and from year to year. The water years 2020 through 2022 combined ranked as the three driest years in California's statewide precipitation record. Beginning in April 2021, the Governor issued a series of drought emergency proclamations affecting various counties throughout the State, culminating in an October 19, 2021 proclamation declaring a drought state of emergency to be in effect statewide and directing local water suppliers to implement water shortage contingency plans at a level appropriate to local conditions. On March 28, 2022, the Governor issued an executive order directing the SWRCB to consider adopting regulations by May 25, 2022 that require urban water suppliers with water shortage contingency plans to implement, at a minimum, shortage response actions for a shortage level of up to 20 percent (a "**Level 2**" shortage). On May 24, 2022, in response to the executive order, the SWRCB adopted a new emergency water conservation regulation. The new regulation bans irrigating turf at commercial, industrial, and institutional properties, such as grass in front of or next to large industrial or commercial buildings. The ban does not include watering turf that is used for recreation or other community purposes, water used on residential lawns, or water used to maintain trees. The regulation also requires all urban water suppliers to implement conservation actions under Level 2 of their water shortage contingency.

The dry hydrology turned wet in winter 2022-23 as precipitation fell throughout the State replenishing reservoirs and causing flooding and requiring state of emergency declarations. Snowfall also covered many mountain ranges at unexpected levels adding water supply for later in the year. On May 24, 2023, the Governor issued an executive order easing water restrictions that were no longer necessary following a series of storms that ended the drought.

## **Regulatory Requirements**

**General.** The City is not aware of any environmental or regulatory issues that would adversely impact the Water System's ability to deliver water.

**Drinking Water.** The applicable drinking water standards for the Water System are provided in the California Domestic Water Quality and Monitoring Regulations, Title 22 of the California Administrative Code. These regulations incorporate the requirements of the U.S. Environmental Protection Agency in conformance with the Safe Drinking Water Act (PL 93-523). The standards specify water quality sampling frequencies and location as well as maximum concentrations of chemical constituents and are continuously revised and amended.

The Water System operates under a public water system permit issued by the State of California, State Water Resources Control Board, Division of Drinking Water (Permit: 03-10-25P-003, issued August 21, 2025).

The Water System has not been subject to regulatory enforcement actions in recent history.

**Historic and Current Water Sources**

The City of Manteca’s water supply comes from two sources: groundwater and treated surface water. See “– Water Sources,” above, for additional details. Table 1 shows the ground water and surface water production for the five most recent fiscal years.

**TABLE 1  
Manteca Water System  
Historic and Current Water Sources  
(In Millions of Gallons)**

Fiscal Year	Groundwater Production	Surface Water Production	Total Water Production
2020-21	2,195	2,514	4,709
2021-22	2,223	2,599	4,822
2022-23	1,843	2,680	4,523
2023-24	1,962	2,931	4,893
2024-25	2,195	2,740	4,935

*Source: City of Manteca*

**Water Rates and Charges**

**General.** The City is not subject by statute to the jurisdiction of, or regulation by, the California Public Utilities Commission or any other regulatory body with respect to user rates and charges of the Water System. For information concerning Proposition 218 which may affect the City’s ability to increase water rates, see “BOND OWNERS’ RISKS” herein.

**2024 Water Rate Study.** A rate study was prepared for the City by Raftelis in December 2024 (the “**2024 Rate Study**”). The 2024 Rate Study provides a financial plan for funding the operating costs of the Water System, which included cost-of-service analysis (COSA) and rate structure analysis. The 2024 Rate Study is based on various assumptions and models regarding revenues and expenses, as indicated therein. The 2024 Rate Study proposed significant increases in monthly fixed charge water rates and consolidated volume charges from three tiers into a single volume charge per HCF regardless of volume used.

The Water System accounts for its financial activities in both Fund 690 (the “**Water Capacity Fee Fund**”) and Fund 680 (the “**Water Rate Revenue and O&M Fund**”). The proposed rates and financial plan assumed a \$10 million interfund loan from the Water Capacity Fee Fund to the Water Rate Revenue and O&M Fund in Fiscal Year 2025 and an additional \$5 million loan in Fiscal Year 2026. The usage of cash reserves within a particular fund is limited to financing projects that are allocated for that specific fund, so the City is not able to use amounts in the Water Capacity Fund to finance projects allocated to the Water Rate Revenue and O&M Fund without making interfund loans. Each fund also has its own cash reserve targets. The 2024 Rate Study stated that the interfund loans would not impact the Water Capacity Fee Fund’s ability to fund its own capital projects because the loans would be repaid before the funds are scheduled to be fully spent. The contemplated interfund loans were, in fact, executed as planned. See “– Interfund Loans”.

In accordance with the 2024 Rate Study, the City Council adopted the following monthly fixed charge rate increases: for 2025, effective May 15, 2025 (65.0%), effective July 1, 2026

(30.0%), effective July 1, 2027 (18.0%) and effective July 1, 2028 (6.0%). The 2024 Rate Study did not project beyond Fiscal Year 2028-29.

**Current and Adopted Water Rates.** Table 2 shows the current monthly water rates which became effective as of May 15, 2025, and adopted rates which are expected to become effective each July 1<sup>st</sup> for Fiscal Year 2026-27 through 2028-29.

**TABLE 2**  
**Manteca Water System**  
**Monthly Water Rates – Current (Fiscal Year 2025-26) and**  
**as Adopted (Fiscal Year 2026-27 through 2028-29)**

<b>Meter Size (inches)</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>
3/4"	\$21.23	\$27.60	\$32.57	\$34.53
1"	30.95	40.24	47.49	50.34
1 1/2"	55.26	71.84	84.78	89.87
2"	84.43	109.76	129.52	137.30
3"	176.79	229.83	271.20	287.48
4"	312.91	406.79	480.02	508.83
6"	784.46	1,019.80	1,203.37	1,275.58
8"	1,367.81	1,778.16	2,098.23	2,224.13
<b>Volume Charge (\$/HCF)</b>				
All Volume	\$2.47	\$3.22	\$3.80	\$4.03

(1) One HCF = 100 cubic feet = 748 gallons. Twenty-four HCF per month is equivalent to about 590 gallons per day (gpd).

Source: City of Manteca.

The typical monthly water charge for a single-family residence (based on 16 HCF) is \$60.75.

**Comparison to Neighboring Jurisdictions.** Table 3 presents current water rates for the City and the neighboring cities of Modesto, Stockton and Ripon, based on average residential usage in the City.

**TABLE 3**  
**Manteca Water System**  
**Comparative Monthly Water Rates**  
**Fiscal Year 2025-26<sup>(1)</sup>**

	<b>Ripon</b>	<b>Manteca</b>	<b>Modesto</b>	<b>Stockton</b>
Estimated Monthly Bill	\$54.64	<b>\$60.75</b>	\$65.66	\$85.35

(1) Based on the typical monthly water usage for a single-family residence in the City (16 HCF). Usage amounts in neighboring jurisdictions may vary.

Source: City of Manteca.

**Capacity Fees, Meter Installation Fees and PFIIP.** A rate study was prepared for the City by Raftelis in October 2024 regarding connection and capacity fees (the “**2024 Capacity Charge Study**”). The 2024 Capacity Charge Study is based on various assumptions and models regarding revenues and expenses, as indicated therein. Most notable, the study recommended

that two previous “Surface Water fees” charged by the City be consolidated into a single “Capacity Fee”, with the total cost decreasing along with a corresponding increase in the Meter Installation fee. The amount of the capacity fee depends on the meter size. In February 2025, the City modified its capacity and meter installation fees in accordance with the 2024 Capacity Charge Study, and the capacity charge is currently at \$5,168 for a 3/4” meter, which is used for capital costs associated with the Water System.

In addition, the City charges development impact fees in connection with its Public Facilities Implementation Plan (“**PFIP**”), which was most recently amended in 2013. As of the date of the 2024 Capacity Charge Study, the PFIP fees start at \$4,400 for a 3/4” meter. The PFIP fee was last updated in 2013.

Together, Capacity Fees, Meter Installation Fees and PFIP amounts represent a significant revenue source for the Water System, with \$9,209,670 in Fiscal Year 2021-22, \$6,087,371 in Fiscal Year 2022-23, \$11,254,045 in Fiscal Year 2023-24 and \$12,400,370 in Fiscal Year 2024-25. See Table 8 for additional details.

**Other Revenues.** In addition to the monthly water rate charges, Capacity Fees, Meter Installation Fees and PFIP amounts, the City receives certain other revenues (“**Other Revenues**”), which primarily include grant revenues along with other miscellaneous revenues, including a settlement from a supplier related to PFAS contamination. Other Revenues include certain one-time amounts, which are typically budgeted for conservatively. See Table 8 for additional details.

## **Billing and Collection**

The City currently has a combined bill for water, sewer and sanitation services. The City is on a monthly billing cycle sending out bills on the third week of the month for the prior service cycle. Payment is due by the 15th day of the month and is considered delinquent if not paid by that date. If payment is not received after 60 days of the initial billing, a 10-day courtesy notice is sent to the customer. Failure to pay within the 10 days of the notice results in the City discontinuing water service. If water service is shut off, a customer must bring the account current and pay a \$25 administrative fee to resume service or create a payment plan with the City.

The amount delinquent for the Water System as of June 30, 2025 was approximately equal to 4.7% of total charges for services for Fiscal Year 2024-25. This includes customers on a payment plan.

## Customers of the Water System

**Active Service Connections.** Table 4 shows a historical summary of the active service connections for Fiscal Year 2020-21 through 2024-25. As shown in the table, for Fiscal Year 2024-25 approximately 93% of active service connections are for single-family residential users.

**TABLE 4**  
**Manteca Water System**  
**Active Service Connections**  
**Fiscal Years 2021 – 2025**

<b>Customer Type</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Single-Family Residential	22,784	24,115	24,794	26,498	26,540
Multi-Family Residential	672	621	630	626	616
Commercial/Institutional	797	1033	1046	1020	1,045
Other (Institutional/Gov't)	260	198	215	207	418
<b>Total:</b>	<b>24,513</b>	<b>25,967</b>	<b>26,685</b>	<b>28,351</b>	<b>28,619</b>

*Source: City of Manteca*

**Water Consumption and Revenues by Customer Type.** Table 5 sets forth the current water consumption and rate revenues from such water consumption for the Manteca Water System. During the last Fiscal Year of operations, residential uses comprised approximately 85% of total consumption while commercial/industrial and landscape uses constituted approximately 15%.

**TABLE 5**  
**Manteca Water System**  
**Water Consumption**  
**(as of June 30, 2025)**

<b><u>Customer Type</u></b>	<b><u>Consumption (hcf)</u></b>	<b><u>Rate Revenue (\$)</u></b>	<b><u>% of Total Revenue</u></b>
Single Family	4,608,965	\$10,804,996	77.0%
Multifamily	478,193	1,122,597	8.0%
Comm'l/Industrial <sup>(1)</sup>	750,503	1,683,895	12.0%
Other	<u>171,766</u>	<u>420,974</u>	3.0%
<b>Total</b>	<b>6,009,427</b>	<b>\$14,032,462</b>	<b>100.0%</b>

*Source: City of Manteca*

**Ten Largest Water Customers.** Table 6 shows for Fiscal Year 2024-25 the top 10 customers of the Water System and their annual billings.

**TABLE 6  
Manteca Water System  
Ten Largest Water Customers  
Fiscal Year 2024-25**

Rank	Customer	Type	Total Paid	% of Total Revenue
1.	Sunnyvalley Smoked Meats Inc.	Industrial	\$141,338	1.01%
2.	Great Wolf	Commercial	109,583	0.78%
3.	El Rancho Mobile Home Prk	Multiple/Property Management	70,996	0.51%
4.	Crothall Laundry Services	Laundromat	50,018	0.36%
5.	Woodbridge Owners Association	Multiple/Property Management	37,706	0.27%
6.	Grekmann Properties-Vourakis	Multiple/Property Management	30,368	0.22%
7.	Golf Villas H/O Assn	Multiple/Property Management	29,700	0.22%
8.	VFT Properties	Multiple/Property Management	28,877	0.21%
9.	Stonegate Apartments	Multiple/Property Management	25,126	0.18%
10.	Kaiser Permanente MS#1	Commercial	<u>25,103</u>	<u>0.18%</u>
	TOTAL TOP TEN LARGEST USERS		\$548,815	3.91%
	TOTAL ALL OTHER USERS		<u>\$13,483,647</u>	
	TOTAL		\$14,032,462	

Source: City of Manteca

### Current and Future Indebtedness

With the refunding of the 2012 Bonds, there will be no outstanding indebtedness of the Water System, other than the 2026 Bonds. Although additional Parity Debt is not anticipated over the next five years, the Indenture permits the City to incur additional Parity Debt, as described in “SECURITY FOR THE 2026 BONDS – Parity Debt.”

### Interfund Loans

As discussed above under “– 2024 Water Rate Study”, the proposed rate increases, which were subsequently adopted by the City Council, relied in part on the assumption that the City would loan \$10 million from its Water Capacity Fee Fund to its Water Rate Revenue and O&M Fund in Fiscal Year 2025, and another \$5 million from its Water Capacity Fee Fund to its Water Rate Revenue and O&M Fund in Fiscal Year 2026. As discussed above under “– 2024 Water Rate Study,” the City cannot use amounts in the Water Capacity Fund to finance projects allocated to the Water Rate Revenue and O&M Fund without making interfund loans. The Water Capacity Fee Fund had significant cash reserves on hand which were not required for current operational or capital needs, and the Water Rate Revenue and O&M Fund needed temporary cash flows to fund ongoing operations, capital projects and meet reserve requirements before the adopted rate increases would have an impact on the Water Rate Revenue and O&M Fund’s reserves.

The City Council approved the \$10 million interfund loan in June 2025 and the \$5 million interfund loan in August 2025. Both interfund loans have a term of 10 years, with repayments beginning in Fiscal Year 2027. The interfund loans are payable from the Water Rate Revenue and O&M Fund to the Water Capacity Fee Fund on a basis that is subordinate to the payment of the Bonds. Also, the Water System includes both the Water Rate Revenue and O&M Fund and

Water Capacity Fee Fund to account for its financial activities so debt service coverage is ultimately unaffected by these interfund loans. Accordingly, the interfund loans are not shown in the debt service coverage table (Table 8) herein.

## **Reserves**

The City's current reserve policy for the Water System is to maintain an unrestricted reserve equal to 25% of Water System annual operating costs. The unrestricted cash balance of the Water System as of June 30, 2025 was \$58.9 million, and the City anticipates maintaining at least \$49.0 million of unrestricted cash during the next five fiscal years.

## **Capital Improvement Plan (CIP)**

The Capital Improvement Plan ("**CIP**") was identified in the City's Water Master Plan, prepared in February 2024 (the "**Water Master Plan**"). In connection with the preparation of the 2024 Rate Study, City staff identified projects associated with maintaining current system operations, to be funded through its Water Rate Revenue and O&M Fund and those associated with meeting the demands of future growth, to be funded through its Water Capacity Fee Fund. From Fiscal Year 2025-26 through Fiscal Year 2029-30, the CIP is expected to total over \$52.5 million. No additional bonds are expected to be issued to fund the CIP over the next five years. However, the City's plans are subject to change.

*The following contains estimated projects and project costs, which may vary considerably from actual results.*

**Table 7  
Manteca Water System  
Capital Improvement Projects  
Fiscal Years 2025-26 through 2044**

<b>Project</b>	<b>Fiscal Year</b>								<b>Total Budgeted Spending</b>
	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>	<b>2029-30</b>	<b>2031-34</b>	<b>2035-39</b>	<b>2040-44</b>	
Advanced Water Meter Infrastructure	\$1,800,000	\$800,000	\$800,000	\$800,000	\$800,000	-	-	-	\$5,000,000
Core SCADA System Upgrade	-	1,127,000	-	-	-	-	-	-	1,127,000
Groundwater Well Meter Replacements	-	150,000	200,000	300,000	-	-	-	-	650,000
Groundwater Well Projects	-	-	-	-	1,998,600	11,401,400	6,700,000	6,700,000	26,800,000
New Utilities Building at Water Quality Control Facility	-	-	-	9,649,956	-	-	-	-	9,649,956
Nile Garden Well 30 - Pipeline	360,000	-	-	-	-	-	-	-	360,000
Nile Garden Well 30 - Construction	4,963,845	-	-	-	-	-	-	-	4,963,845
Pipe Replacement/Upsizing Projects	330,000	3,417,000	3,282,000	1,716,000	2,523,000	15,481,000	16,467,000	16,057,000	59,273,000
Programmable Logic Controllers (PLC) and Operator Interface Terminal (OIT) Upgrade	-	-	-	-	1,374,000	-	-	-	1,374,000
Remote Site Programmable Logic Controllers (PLC) Upgrade	-	1,727,000	-	-	-	-	-	-	1,727,000
Security Upgrades at Public Works Facilities	-	25,000	25,000	25,000	25,000	-	-	-	100,000
South San Joaquin Irrigation District Capacity Expansion	-	-	-	4,649,956	-	-	-	-	4,649,956
Vehicle Replacement	70,000	430,000	-	-	-	-	-	-	500,000
Water Master Plan & Rate Study	2,450,000	-	-	-	-	-	-	-	2,450,000
Water Storage Tank Painting	-	1,200,000	-	-	-	-	-	-	1,200,000
Well 29 - TCP Treatment Design	5,250,000	-	-	-	-	-	-	-	5,250,000
Well Variable Frequency Drive (VFD) and Programmable Logic Controller (PLC) Upgrades	280,500	-	-	-	-	-	-	-	280,500
<b>Total</b>	<b>\$15,504,345</b>	<b>\$8,876,000</b>	<b>\$4,307,000</b>	<b>\$17,140,912</b>	<b>\$6,720,600</b>	<b>\$26,882,400</b>	<b>\$23,167,000</b>	<b>\$22,757,000</b>	<b>\$125,355,257</b>

Source: 2024 Rate Study, City of Manteca.

## Historical and Projected Operating Results and Debt Service Coverage

The table below provides a historical statement of debt service coverage for Fiscal Years 2021-22 through 2024-25 and projected debt service coverage for Fiscal Years 2025-26 through 2029-30, based on the definitions of Gross Revenues and Maintenance and Operation Costs set forth in the legal documents governing the 2026 Bonds (which excludes depreciation and other non-cash items). Information underlying the projections are described in the narrative following the table.

**Information Regarding Projections.** Projections in the table below reflect a number of assumptions regarding projected debt service coverage for Fiscal Years 2025-26 through 2029-30, including the following reflected in the 2024 Rate Study:

- Charges for Services reflect certain account growth assumptions and rate increases included in the 2024 Rate Study. The rate increases were implemented by City Council action: for 2025, effective May 15, 2025 (65.0%), effective July 1st 2026 (30.0%), effective July 1st 2027 (18.0%) and effective July 1st 2028 (6.0%). The 2024 Rate Study did not project beyond Fiscal Year 2028-29 and no increase in rates is assumed for Fiscal Year 2029-30.
- Capacity Fees, Meter Installation Fees and PFIP are projected to be at 60% of the 4-year historical average.
- Other Revenues primarily includes grant revenues along with other miscellaneous revenues, including a settlement from a supplier related to PFAS contamination. Fiscal Year 2025-26 closely reflects what has been collected to date and no revenue for this category is assumed in future years.
- Interest income reflects what is likely to be earned in Fiscal Year 2025-26 based on what has been collected to date and is projected for future years using a 1.0% earnings rate on the average balance of cash and investments during each year.
- Personnel Services expenses are projected to increase by between 3.0% to 10.0% in per fiscal year and also include expected costs associated with hiring of additional staff.
- Expenses other than personnel services are projected to increase by between 3.0% and 5.0% per fiscal year.
- Supplies and Other Expenses projections reflect the increase in raw water costs anticipated to be effective as of January 2027 following cost increases from SSJID and other expected annual cost increases.

**Table 8**  
**Manteca Water System**  
**Historical and Projected Debt Service Coverage**  
**Fiscal Years 2021-22 through 2029-30**

	Actual				Projected				
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
<b>Gross Revenues<sup>(1)</sup></b>									
Charges for services	\$12,661,517	\$12,801,662	\$12,824,985	\$14,032,462	\$23,002,359	\$30,607,789	\$36,975,347	\$40,135,333	\$40,135,333
Capacity Fees, Meter Installation Fees and PFIP	9,209,670	6,087,371	11,254,045	12,400,370	5,842,720	5,842,720	5,842,720	5,842,720	5,842,720
Other Revenues	6,029,983	41,723	1,103,355	2,988,041	1,700,000	-	-	-	-
Interest income	272,703	718,472	2,219,359	2,726,402	1,800,000	496,038	536,851	565,985	586,981
<b>Total Gross Revenues</b>	<b>\$28,173,873</b>	<b>\$19,649,228</b>	<b>\$27,401,744</b>	<b>\$32,147,275</b>	<b>\$32,345,079</b>	<b>\$36,946,547</b>	<b>\$43,354,918</b>	<b>\$46,544,038</b>	<b>\$46,565,034</b>
<b>Maintenance and Operation Costs<sup>(1)</sup></b>									
Personnel services	\$4,683,347	\$5,058,514	\$5,694,907	\$6,202,167	\$6,388,232	\$7,527,055	\$9,279,761	\$9,743,749	\$10,230,936
Contractual Services	686,016	785,489	792,517	661,076	680,908	701,336	722,376	744,047	766,368
Supplies and Other Expenses	4,847,668	5,887,027	5,592,604	9,250,288	11,999,797	13,447,167	13,973,392	14,478,127	15,006,927
Utilities	997,747	933,607	915,224	1,345,676	1,392,775	1,441,522	1,491,975	1,544,194	1,598,241
Repairs and Maintenance	138,392	288,908	290,543	292,295	306,910	322,255	338,368	355,286	373,051
Vehicle Maintenance and Operations	21,105	27,013	22,452	3,257	20,000	20,600	21,218	21,855	22,510
Interdepartmental	1,683,130	1,902,000	1,842,085	1,835,496	1,927,271	2,023,634	2,124,816	2,231,057	2,342,610
Insurance	162,000	281,500	383,800	483,261	497,759	512,692	528,072	543,915	560,232
Miscellaneous	94,713	104,715	119,821	91,012	93,742	96,555	99,451	102,435	105,508
<b>Total M&amp;O Costs</b>	<b>\$13,314,118</b>	<b>\$15,268,773</b>	<b>\$15,653,953</b>	<b>\$20,164,528</b>	<b>\$23,307,393</b>	<b>\$26,092,815</b>	<b>\$28,579,429</b>	<b>\$29,764,664</b>	<b>\$31,006,383</b>
<b>Net Revenues<sup>(2)</sup></b>	<b>\$14,859,755</b>	<b>\$4,380,455</b>	<b>\$11,747,791</b>	<b>\$11,982,747</b>	<b>\$9,037,686</b>	<b>\$10,853,732</b>	<b>\$14,775,489</b>	<b>\$16,779,374</b>	<b>\$15,558,651</b>
<b>Debt Service</b>									
2012 Bonds	\$2,752,750	\$2,751,875	\$2,747,250	\$2,743,750	\$2,746,000	\$-	\$-	\$-	\$-
2026 Bonds*	-	-	-	-	-	2,141,450	2,142,250	2,137,875	2,139,500
<b>Total Debt Service*</b>	<b>\$2,752,750</b>	<b>\$2,751,875</b>	<b>\$2,747,250</b>	<b>\$2,743,750</b>	<b>\$2,746,000</b>	<b>\$2,141,450</b>	<b>\$2,142,250</b>	<b>\$2,137,875</b>	<b>\$2,139,500</b>
<b>Debt Service Coverage Ratio*</b>	<b>5.40x</b>	<b>1.59x</b>	<b>4.28x</b>	<b>4.37x</b>	<b>3.29x</b>	<b>5.07x</b>	<b>6.90x</b>	<b>7.85x</b>	<b>7.27x</b>

\* Preliminary; subject to change for projection period.

(1) Gross Revenues and Maintenance and Operation Costs are calculated in accordance with the legal documents governing the 2026 Bonds. M&O Costs excludes depreciation and other non-cash items.

(2) Net Revenues includes all funds related to the Water System.

## **BOND OWNERS' RISKS**

*The following describes certain special considerations and risk factors affecting the payment of and security for the Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of any Bonds and the order presented does not necessarily reflect the relative importance of the various risks. Potential investors in the Bonds are advised to consider the following special factors along with all other information in this Official Statement in evaluating the Bonds. There can be no assurance that other considerations will not materialize in the future.*

### **Revenues; Rate Covenant**

Net Revenues are dependent upon the demand for water usage and resulting water service, which can be affected by population factors and more stringent water regulations. There can be no assurance that water service demand 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 Indenture. The City's ability to meet its rate covenants is dependent upon its capacity to increase rates without driving down demand to a level insufficient to meet debt service on the Bonds and Parity Debt.

### **No Debt Service Reserve Fund**

The City will not fund a debt service reserve fund for the Bonds. If Net Revenues are insufficient for the City to pay the Bonds when due, no debt service reserve account funds will be available under the Indenture for the City, and in turn, the Trustee, to make such payments.

### **Increased Maintenance and Operation Costs**

There can be no assurance that expenses of the Water System will be consistent with the levels contemplated in this Official Statement. Changes in technology, changes in environmental quality standards (see "– Environmental Regulation" below), 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 Indenture. Until such rates can be implemented, Net Revenues may be reduced, increasing the possibility of nonpayment of the Bonds and, in turn, the Bonds. See "– Proposition 218," below, for additional details on the process that must be undertaken by the City to increase rates and charges.

### **Slow-Down in Development Activity**

For the past two decades, the City has experienced substantial growth. This has resulted in substantial annual revenues to the Water System from fees and charges levied upon new development. As described in this Official Statement, additional capital improvements are anticipated to be made to the Water System over the coming years, for which the City anticipates incurring significant costs within the Water Fund. See "FINANCING PLAN" and "THE WATER SYSTEM – Capital Improvement Plan (CIP)." The City anticipates funding at least some of these costs using fees and charges levied upon new development. However, no assurance can be given that new development will occur at the pace currently anticipated by the City.

Multiple reasons may exist for a slow-down or cessation of new development, including, but not limited to, declines in general or local economic conditions, increased mortgage rates,

supply chain disruptions, and natural disasters. See “– Seismic and Other Natural Disasters,” below.

There can be no assurance that anticipated revenues to the City will be sufficient to cover the planned capital improvement costs of the Water System or that such costs will not increase in the future. Although debt service on the Bonds is payable on a priority basis to capital improvement costs of the City, certain capital improvements costs will be necessary for the City to continue to operate the Water System in accordance with environmental laws and industry best practices.

### **Limitations on Remedies Available to Bond Owners**

The ability of the City to comply with its covenants under the Indenture and to generate Net Revenues sufficient to pay principal of and interest on the Bonds and Parity Debt may be adversely affected by actions and events outside of the control of the City, and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. Furthermore, any remedies available to the owners of the 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 City under the Indenture may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

### **Seismic and other Natural Disasters**

Like all of California, land in the City may be subject to unpredictable seismic activity. If there were to be an occurrence of severe seismic activity in the area of the City, there could be an interruption in the service provided by the Water System, resulting in a temporary reduction in the amount of Net Revenues available to timely pay the Bonds.

Other natural disasters, such as flooding, landslides or wildfires, could also affect or interrupt the service provided by the Water System, resulting in a temporary reduction in the amount of Net Revenues available to timely pay the Bonds and/or lead to improper discharges from the Water System that may result in regulatory fines payable by the Water System.

California is subject to droughts from time-to-time. During past drought conditions, the State has implemented mandatory water reductions in cities and towns across California to reduce water usage, which in many cases led to declines in water flows as well. Drought conditions may inhibit or slow-down the current pace of growth of homebuilding activities in the City, and accordingly the Net Revenues of the Water System.

The City has not experienced any service interruptions as a result of wildfires in or within the vicinity of the Water System's service area. In addition, land in and surrounding the City is not located within a High or Very High Fire Hazard Severity Zone as defined by maps prepared by Cal Fire. Nevertheless, no assurance can be given that a wildfire in the future would not materially adversely impact the Water System and its finances. In recent years, wildfires have caused extensive damage throughout the State. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances entire neighborhoods have been destroyed. Several fires in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events.

### **Loss of Tax-Exemption**

As discussed under the caption "TAX MATTERS," interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the City in violation of its covenants in the Indenture. Should such an event of taxability occur, the 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 XIIC and XIID 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 XIID, before a municipality may impose or increase any property-related fee or charge, the entity must give written notice to the record owner of each parcel of land affected by that fee or charge. The municipality must then hold a hearing upon the proposed imposition or increase at least 45 days after the written notice is mailed, and, if a majority of the property owners of the identified parcels present written protests against the proposal, the municipality may not impose or increase the property-related fee or charge.

Further, under Article XIID, revenues derived from a property-related fee or charge may not exceed the funds required to provide the "property-related service" and the entity may not use such fee or charge for any purpose other than that for which it imposed the fee or charge. The amount of a property-related fee or charge may not exceed the proportional cost of the service attributable to the parcel, and no property-related fee or charge may be imposed for a service unless that service is actually used by, or is immediately available to, the owner of the property in question.

In addition, Article XIIC states that "the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local

governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives.”

**Judicial Interpretation of 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 Water 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 XIID. However, numerous subsequent court cases have held that certain types of water and water charges could be subject to the requirements of Proposition 218. These cases include, for example, *Capistrano Taxpayers Assoc., Inc. v. City of San Juan Capistrano* (186 Cal. Rptr. 3d 362 (Cal. App. 4th Distr. 2015)), *Bighorn-Desert View Water Agency v. Verjil* (46 Cal. Rptr. 3d 73 (Cal. 2006)), and *Howard Jarvis Taxpayers Assoc. v. City of Fresno* (26 Cal. Rptr. 3d 153 (Cal. App. 5th Distr. 2005)).

Under the *Bighorn* case, for example, the court held that under Article XIIC, 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 Bonds.

Under the *City of San Juan Capistrano* case, the court held that tiered or inclined rates that go up progressively in relation to usage must correspond to the actual cost of providing water service at each tier (level of usage), and accordingly the pricing for any tier cannot exceed the cost of service to that tier.

**City’s Current Practice Regarding Rates and Charges.** The City’s practice in implementing increases in water rates and charges has been to comply with the requirements of Article XIID, including the practice of providing property owners with a 45-day mailed notice and public hearing before the City Council approves rate increases.

**Conclusion.** It is not possible to predict how courts will further interpret Article XIIC and Article XIID in future judicial decisions, and what, if any, further implementing legislation will be enacted. As noted above, under the *Bighorn* case, local voters could adopt an initiative measure that reduces or repeals the City’s rates and charges, though it is not clear whether (and California courts have not decided whether) any such reduction or repeal by initiative would be enforceable in a situation in which such rates and charges are pledged to the repayment of bonds or other indebtedness, as is the case with respect to the Bonds. ***There can be no assurance that the courts will not further interpret, or the voters will not amend, Article XIIC and Article XIID to limit the ability of local agencies to impose, levy, charge and collect increased fees and charges for water, or to call into question previously adopted Water rate increases.***

## Environmental Regulation

The kind and degree of water treatment is regulated, to a large extent, by the federal government and the State. Treatment standards set forth in federal and State law control the operations of the Water System and mandate its use of technology. If the federal government, acting through the Environmental Protection Agency, or the State, acting through the Department of Health Services, or additional federal or State legislation, should impose stricter standards upon the Water System, the City’s expenses related to the Water System could increase accordingly

and rates and charges would have to be increased to offset those expenses. See “– Maintenance and Operation Costs” 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.

### **Cybersecurity**

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the City’s efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City or the Water System, or the administration of the Bonds.

The City is also reliant on other entities and service providers in connection with the operation of the Water System and the administration of the Bonds, including without limitation, the Trustee and the dissemination agent. No assurance can be given that the City and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

### **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.

Taxpayer assistance measures may include deferral of due dates of utility rates (including Water System rates and charges), which was an assistance program during the COVID-19 pandemic, and with or without a deferral some ratepayers may be unable to make their payments. No assurance can be given that the Water System payment dates will not be deferred in the future, which may cause a delay in the receipt of rate revenues.

### **Secondary Market for Bonds**

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

### **Future Parity Debt**

As described in “SECURITY FOR THE BONDS – Parity Debt” above, the Indenture permits the City to issue Parity Debt in the future that is payable on a parity with the payment of

the Bonds. In the event of a decline in Net Revenues available to pay the Bonds, the existence of additional Parity Debt could adversely affect the City's ability to timely pay the Bonds.

## TAX MATTERS

**Federal Tax Status.** In the opinion of Jones Hall LLP, San Mateo, California, as Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 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.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code") that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

**Tax Treatment of Original Issue Discount and Premium.** If the initial offering price to the public at which a 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 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 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 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 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 Bonds is sold to the public.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the 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 Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the 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 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 Bonds.

**California Tax Status.** In the further opinion of Bond Counsel, interest on the 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 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 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 Bonds, or as to the consequences of owning or receiving interest on the Bonds, as of any future date. Prospective purchasers of the 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 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 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 Bonds, the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

## **CERTAIN LEGAL MATTERS**

Jones Hall LLP, as Bond Counsel, will render an opinion with respect to the validity of the Bonds, the form of which opinion is set forth in APPENDIX E. Certain legal matters will also be passed upon for the City by Jones Hall LLP, as Disclosure Counsel and by the City Attorney. Certain legal matters will be passed upon for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth LLP. The fees of Bond Counsel, Disclosure Counsel and Underwriter's counsel are contingent on the sale and closing of the Bonds.

## **NO LITIGATION**

No litigation is pending or threatened concerning the validity of the Bonds. The City is not aware of any litigation pending or threatened questioning the political existence of the City or contesting the City's power to fix water rates and charges, or the power of the City Council or in any way questioning or affecting: (i) the proceedings under which the Bonds are to be issued;

(ii) the validity of any provision of the Bonds or the Indenture; (iii) the pledge of Net Revenues under the Indenture; or (iv) the titles of the present members of the City Council.

There are a number of suits and claims pending against the City, which may include personal injury, wrongful death and other suits and claims against which the City may self-insure. The aggregate amount of the self-insured liabilities of the City which may result from such suits and claims will not, in the opinion of the City, materially impair the ability of the City to pay the Bonds as they become due.

## RATING

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("**S&P**") has assigned its municipal bond rating of "\_\_\_\_\_" to the Bonds. This rating reflects only the views of S&P, and an explanation of the significance of this rating, and any outlook assigned to or associated with this rating, should be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The City 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 Bonds may have an adverse effect on the market price or marketability of the Bonds.

## CONTINUING DISCLOSURE

The City will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data by not later than nine months after the end of the City's fiscal year, or April 1 of each year (based on the City'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 Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**"). The specific nature of the information to be contained in the Annual Report or the notices of listed events by the City is set forth in "APPENDIX C – Form of Continuing Disclosure Certificate."

A review of the City's compliance with prior continuing disclosure undertakings in the last five years indicates that the City and its related entities did not comply in all material respects with such undertakings in the last five years. The City failed to file or timely file certain audited financial statements and annual reports or to include certain operating data in the annual reports.

More specifically, the City failed to file in a timely manner its audited financial statements and annual reports for Fiscal Years 2019-20 through 2023-24 with respect to certain water bonds and sewer bonds. The audited financial statements for Fiscal Years 2019-20 through 2023-24, were filed approximately 4 months to 2.5 years after their respective filing due dates. All required information for the annual reports for Fiscal Year 2021-22 through Fiscal Year 2023-24 for certain sewer bonds were filed approximately 4 months to 2.5 years after their respective filing due dates. The annual reports for Fiscal Year 2021-22 through Fiscal Year 2023-24 were not filed for certain water bonds and the annual reports for Fiscal Year 2020-21 and Fiscal Year 2019-20 were not

timely filed for certain water bonds, sewer bonds and tax allocation bonds. The annual reports filed for Fiscal Year 2020-21 and Fiscal Year 2019-20 did not include all required operating data. Most of such data was subsequently included in other filings. Failure to file notices were not filed in all instances of late filings. The City has subsequently filed all required information with respect to the applicable water bonds, sewer bonds and tax allocation bonds.

The foregoing late filings were a result, in large part, due to the City failing to complete its audited financial statements for the applicable fiscal years in a timely manner, and as a result of changes in City staff responsible for continuing disclosure compliance. The City has endeavored to update its continuing disclosure filings, and there is new City staff (including the current Finance Director) that is responsible for overseeing the City's continuing disclosure compliance going forward.

The City timely filed its audited financial statements and annual reports for Fiscal Year 2024-25 which were due on or before the date of this Official Statement, and anticipates completing its audited financial statements and filing its annual reports in a timely manner going forward.

The City has retained Urban Futures, Inc. to serve as dissemination agent with respect to the filings to be made with respect to the Bonds and certain other undertakings under the Rule. NBS serves as dissemination agent for the City's community facilities district (CFD) bonds.

## **UNDERWRITING**

Samuel A. Ramirez & Co., Inc., as underwriter of the Bonds (the "**Underwriter**"), has agreed to purchase the Bonds from the City at a purchase price of \$\_\_\_\_\_ which represents the aggregate principal amount of the Bonds, plus/less [net] original issue premium/discount of \$\_\_\_\_\_, less underwriter's discount of \$\_\_\_\_\_.

The purchase contract under which the Underwriter is purchasing the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the purchase contract.

The public offering prices of the Bonds may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers and others at a price lower than the offering price stated on the cover page of this Official Statement.

## **MUNICIPAL ADVISOR**

The City has retained Urban Futures, Inc., as its municipal advisor (the "**Municipal Advisor**") in connection with the authorization and delivery of the Bonds. The Municipal Advisor assumes no responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. The fees of the Municipal Advisor are contingent on the sale and closing of the Bonds.

**EXECUTION**

The execution of this Official Statement and its delivery have been authorized by the City Council of the City.

**CITY OF MANTECA**

By: \_\_\_\_\_  
Finance Director

## **APPENDIX A**

### **SUMMARY OF PRINCIPAL LEGAL DOCUMENTS**

**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS OF THE CITY  
FOR FISCAL YEAR ENDED JUNE 30, 2025**

## APPENDIX C

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ \_\_\_\_\_  
**City of Manteca**  
**2026 Water Revenue Refunding Bonds**

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is executed and delivered by the City of Manteca (the “**City**”) in connection with the issuance of the above-captioned bonds (the “**Bonds**”). The Bonds are being issued under an Indenture of Trust dated as of April 1, 2026 (the “**Indenture**”) by and between the City and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”). The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (defined herein).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4.

“*Annual Report Date*” means the date that is nine months after the end of the City’s fiscal year (currently April 1 based on the City’s fiscal year end of June 30).

“*Dissemination Agent*” means, initially, Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a).

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the City in connection with the issuance of the Bonds.

“*Participating Underwriter*” means any original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

### Section 3. Provision of Annual Reports.

(a) The City 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 City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide (or cause the Dissemination Agent to provide) to the MSRB, in a timely manner as required by the Rule, in an electronic format as prescribed by the MSRB, a notice to such effect.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) Audited Financial Statements of the City prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not contained in the audited financial statements filed under the preceding clause (a), the Annual Report shall contain information of the type set forth in the tables in the Official Statement:

(i) A schedule of water sources and production for the preceding fiscal year, in substantially the form of Table 1;

(ii) A schedule of water rates in currently in effect as of the date of the Annual Report, in substantially the form of Table 2;

(iii) Number and type of service connections for the most recently ended fiscal year, in substantially the form of Table 4;

(iv) Water System top ten customers by revenue for the most recently ended fiscal year, in substantially the form of Table 6; and

(v) A table showing Gross Revenues, Maintenance and Operation Costs, Net Revenues and debt service coverage for the most recently ended fiscal year, in substantially the form of Table 8 (actuals only; no projections);

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

#### Section 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner not to exceed 10 business days after the occurrence of the Listed Event:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.

- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the City.

Note: For the purposes of the event identified in subparagraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material (for definition of “financial obligation,” see 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 City, any of which reflect financial difficulties (for definition of “financial obligation,” see clause (c)).

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, and, if the Listed Event is described in subsections (a)(2), (a)(6), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) above, the City determines that knowledge of the occurrence of that Listed Event would be material under applicable Federal securities law, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the 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 City’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days’ written notice to the City. The initial Dissemination Agent shall be Urban Futures, Inc..

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that all of the following conditions are satisfied:

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City with respect to the Bonds, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the

differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(a).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the City fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent (if other than the City), the Participating Underwriter and the holders and beneficial owners from time to time of the 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

CITY OF MANTECA

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ACCEPTED AND AGREED:

Urban Futures, Inc.,  
As Dissemination Agent

By \_\_\_\_\_  
Authorized Representative

## APPENDIX D

### GENERAL INFORMATION ABOUT THE CITY OF MANTECA AND THE COUNTY OF SAN JOAQUIN

*The following information concerning the City of Manteca (the “City”) and the San Joaquin County (the “County”) is included only for the purpose of supplying general information regarding the area of the City and County. The Bonds are not a debt of the City, the County, the State of California (the “State”) or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.*

#### General

**The City.** The City is centrally located in the State, in the San Joaquin Valley between the San Francisco Bay Area and the Sierra Nevada foothills. The City is located one hour east of the San Francisco Bay Area and one hour south of Sacramento, the State capital. Four freeways provide access to the City: U.S. Interstate 5 which links the Pacific states from Mexico to Canada; U.S. Interstate 205, which connects U.S. Interstate 5 to U.S. Interstate 580; State Route 120, which is the primary east-west corridor in the School District; and State Route 99, which provides a north-south alternative to U.S. Interstate 5 for most of California’s Central Valley.

**The County.** The County was established by an act of the State Legislature on February 18, 1850, as one of California’s original 27 counties. The area of the County is 1,448 square miles, and it is the fifteenth largest county in the State, as measured by population. The County seat is the City of Stockton, with an area of 55.1 square miles.

#### Population

The following table lists population estimates for the City, the County and the State for the last five calendar years, as of January 1, 2025.

#### CITY OF MANTECA, SAN JOAQUIN COUNTY AND STATE OF CALIFORNIA Population Estimates Calendar Years 2021 through 2025, as of January 1

Area	2021	2022	2023	2024	2025
Escalon	7,429	7,351	7,273	7,337	7,232
Lathrop	29,565	31,390	34,877	37,102	38,596
Lodi	66,061	66,309	66,314	67,262	67,093
<b>Manteca</b>	<b>84,800</b>	<b>86,836</b>	<b>88,882</b>	<b>92,116</b>	<b>93,733</b>
Ripon	--	--	--	--	28,795
Stockton	16,126	15,940	15,796	15,966	15,753
Tracy	320,574	321,000	318,906	323,355	320,877
Balance of County	93,773	94,789	95,507	97,501	98,215
County Total	781,220	784,289	787,696	802,328	805,856

*Source: State Department of Finance estimates.*

## Employment and Industry

The unemployment rate in San Joaquin County was 6.8 percent in August 2025, down from a revised 7.3 percent in July 2025, and above the year-ago estimate of 6.7 percent. This compares with an unadjusted unemployment rate of 5.8 percent for California and 4.5 percent for the nation during the same period.

The County is part of the Stockton-Lodi Metropolitan Statistical Area (the “MSA”). Set forth below is data from 2020 through 2024, reflecting the MSA's civilian labor force, employment, and unemployment.

### STOCKTON-LODI MSA (San Joaquin County) Annual Average Civilian Labor Force, Employment and Unemployment, Employment by Industry (March 2024 Benchmark)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Civilian Labor Force <sup>(1)</sup>	347,200	349,400	356,700	363,400	368,500
Employment	308,800	320,300	338,200	341,600	344,700
Unemployment	38,400	29,100	18,500	21,700	23,800
Unemployment Rate	11.1%	8.3%	5.2%	6.0%	6.5%
<u>Wage and Salary Employment:</u> <sup>(2)</sup>					
Agriculture	14,600	14,200	13,800	14,500	14,300
Mining and Logging	100	100	0	0	0
Construction	13,000	13,900	14,900	14,000	14,700
Manufacturing	20,100	21,300	23,000	23,500	23,500
Wholesale Trade	10,600	10,800	11,600	12,300	12,400
Retail Trade	24,600	26,200	27,000	27,100	27,000
Transportation, Warehousing and Utilities	38,800	43,000	48,100	47,300	47,600
Information	1,200	1,200	1,200	1,100	1,000
Financial Activities	7,800	8,000	8,200	7,900	7,700
Professional and Business Services	21,300	22,500	24,100	23,100	22,900
Educational and Health Services	37,300	38,000	39,700	42,000	44,800
Leisure and Hospitality	18,500	21,300	24,300	24,500	24,400
Other Services	6,800	7,300	7,900	8,100	8,200
Federal Government	3,300	3,100	3,100	3,000	3,000
State Government	6,800	6,000	5,500	5,100	4,800
Local Government	33,000	32,900	34,000	35,100	37,000
Total All Industries <sup>(3)</sup>	257,700	269,800	286,200	288,500	293,000

(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) Columns may not add to totals due to rounding.

Source: *State of California Employment Development Department.*

## Principal Employers

The following table lists the major employers within the City as of June 30, 2024.

### CITY OF MANTECA Principal Employers for Fiscal Year Ended June 30, 2024

<u>Employer</u>	<u>Number of Employees</u>
Amazon.com Services, LLC	710
Tennant Sales & Service Company	800
Manteca Unified School District	730
City of Manteca	570
Gardner Trucking Inc.	520
Doctors Hospital of Manteca	399
Kaiser Foundation	314
Wal-Mart	307
Costco Wholesale #1031	307
BASS Pro Outdoor World	300
A.M. Stephens Construction Co. Inc.	257
C. Overaa & Co.	250
Eckert Cold Storage	250
Home Depot	205
Give Every Child a Chance	183
Target Corp.	170
Karma Inc, (DBA Manteca Care & Rehab)	<u>225</u>
<b>Total</b>	<b>6,497</b>

Source: City of Manteca, Annual Comprehensive Financial Report, Fiscal Year Ended June 30, 2024.

## Major Employers

The major employers in the County as of October 2025 are shown below in alphabetical order without regard to the number of employees.

### SAN JOAQUIN COUNTY Major Employers As of October 2025

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
Amazon Fulfillment Ctr	Stockton	Mail Order Fulfillment Service
Ashley Lane LP	Stockton	Real Estate
Blue Shield of California	Lodi	Insurance
Dameron Hospital	Stockton	Hospitals
Foster Care Svc	Stockton	Government Offices-County
Leprino Foods Co	Tracy	Cheese Processors (mfrs)
Lodi Health Home Health Agency	Lodi	Home Health Service
M & R Co	Lodi	Fruits & Vegetables-Growers & Shippers
Medline	Tracy	Physicians & Surgeons Equip & Supls-Whls
NA Chaderjian Youth	Stockton	State Govt-Correctional Institutions
O-G Packing & Cold Storage Co	Stockton	Fruits & Vegetables-Growers & Shippers
Prima Frutta Packing Inc	Linden	Fruit & Produce Packers
Safeway Distribution Ctr	Tracy	Distribution Centers (whls)
San Joaquin County CA Pubc	Stockton	Government Offices-County
San Joaquin County Human Svc	Stockton	Government Offices-County
San Joaquin County Sch	Stockton	School Districts
San Joaquin General Hospital	French Camp	Hospitals
San Joaquin Sheriff's Office	French Camp	Government Offices-County
Sjgov	Stockton	Government Offices-County
St Joseph's Regional Health	Stockton	Health Services
Stockton Police Dept	Stockton	Police Departments
Stockton Unified Sch Dist	Stockton	Facilities Management
Stockton Unified School Dist	Stockton	Schools
Walmart Supercenter	Stockton	Department Stores
Waste Management-Lodi Transfer	Lodi	Solid Waste Collection

*Source: California State Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2025 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 effective buying income for the City, the County, the State and the United States for the period 2021 through 2025.

**CITY OF MANTECA, SAN JOAQUIN COUNTY, THE STATE OF CALIFORNIA AND THE  
UNITED STATES  
Effective Buying Income  
As of January 1, 2021 through 2025**

<b>Year</b>	<b>Area</b>	<b>Total Effective Buying Income (000s' Omitted)</b>	<b>Median Household Effective Buying Income</b>
2021	City of Manteca	\$1,946,567	\$65,395
	San Joaquin County	18,493,713	59,914
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790
2022	City of Manteca	\$2,282,650	\$73,568
	San Joaquin County	21,672,926	68,971
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	City of Manteca	\$2,569,884	\$74,006
	San Joaquin County	22,168,255	68,912
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	City of Manteca	\$2,935,024	\$82,407
	San Joaquin County	24,445,200	76,847
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876
2025	City of Manteca	\$3,075,409	\$82,106
	San Joaquin County	24,833,658	77,622
	California	1,557,429,767	82,725
	United States	12,525,577,707	69,687

Source: Claritas, LLC.

## Commercial Activity

A summary of historic taxable sales within the City and the County during the past five years in which data is available is shown in the following tables.

Total taxable sales reported during the first quarter of calendar year 2025 in the City were reported to be \$366,965,761, a 1.45% decrease from the total taxable sales of \$372,352,804 reported during the comparable quarter of calendar year 2024.

### CITY OF MANTECA Taxable Transactions (Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2020	1,060	\$928,929	1,740	\$1,111,947
2021	967	1,267,680	1,618	1,496,447
2022	987	1,367,662	1,646	1,654,549
2023	976	1,373,379	1,624	1,643,649
2024	991	1,367,633	1,676	1,633,306

Source: State of California, Board of Equalization.

Total taxable sales reported during the first quarter of calendar year 2025 in the County were reported to be \$5,653,070,916, a 0.99% increase over the total taxable sales of \$5,597,628,028 reported during the comparable quarter of calendar year 2024.

### SAN JOAQUIN COUNTY Taxable Transactions (Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2020	11,188	\$10,122,979	18,358	\$15,609,880
2021	10,642	15,100,195	17,665	22,244,519
2022	10,884	15,342,203	18,100	23,625,470
2023	10,632	15,584,742	17,666	23,507,449
2024	10,831	16,862,302	18,099	24,682,773

Source: State of California, Board of Equalization.

## Construction Activity

The following tables show a five-year summary of the valuation of building permits issued in the City and the County.

### CITY OF MANTECA Total Building Permit Valuations (Dollars in Thousands)

	2020	2021	2022	2023	2024
<u>Permit Valuation:</u>					
New Single-family	\$199,291	\$248,446	\$390,392	\$285,962	\$511,357
New Multi-family	0	13,590	15,727	0	82,853
Res. Alterations/Additions	<u>2,128</u>	<u>3,569</u>	<u>9,421</u>	<u>7,111</u>	<u>3,296</u>
Total Residential	201,420	265,605	415,541	293,073	597,506
New Commercial	12,953	30,464	12,321	53,813	38,144
New Industrial	0	0	0	0	0
New Other	12,307	15,979	15,255	13,107	26,342
Com. Alterations/Additions	<u>1,975</u>	<u>2,028</u>	<u>5,404</u>	<u>11,439</u>	<u>7,366</u>
Total Nonresidential	27,236	48,472	32,982	78,360	71,852
<u>New Dwelling Units:</u>					
Single Family	609	729	821	690	1,167
Multiple Family	<u>0</u>	<u>20</u>	<u>106</u>	<u>0</u>	<u>197</u>
TOTAL	609	749	927	690	1,364

Source: Construction Industry Research Board, Building Permit Summary.

### SAN JOAQUIN COUNTY Total Building Permit Valuations (Dollars in Thousands)

	2020	2021	2022	2023	2024
<u>Permit Valuation:</u>					
New Single-family	\$870,859	\$1,179,358	\$1,281,631	\$851,675	\$1,487,467
New Multi-family	38,411	69,775	88,457	75,802	141,958
Res. Alterations/Additions	<u>40,144</u>	<u>108,647</u>	<u>182,338</u>	<u>55,378</u>	<u>59,932</u>
Total Residential	949,415	1,357,780	1,552,427	982,856	1,689,357
New Commercial	255,761	272,617	641,696	199,112	19,481
New Industrial	534,199	43,401	249,274	13,931	229,056
New Other	33,112	58,264	107,863	76,524	69,094
Com. Alterations/Additions	<u>135,285</u>	<u>272,064</u>	<u>450,649</u>	<u>193,151</u>	<u>283,920</u>
Total Nonresidential	958,358	646,347	1,449,483	482,719	601,551
<u>New Dwelling Units</u>					
Single Family	2,843	3,665	3,168	2,147	3,309
Multiple Family	<u>245</u>	<u>178</u>	<u>338</u>	<u>605</u>	<u>384</u>
TOTAL	3,088	3,843	3,506	2,752	3,693

Source: Construction Industry Research Board, Building Permit Summary.

**APPENDIX E**

**FORM OF OPINION OF BOND COUNSEL**

[Closing Date]

City of Manteca  
1001 W Center Street  
Manteca, California 95337

*OPINION:*     \$ \_\_\_\_\_ City of Manteca  
                  2026 Water Revenue Refunding Bonds

Members of the City Council:

We have acted as bond counsel to the City of Manteca (the “City”) in connection with the issuance by the City of its City of Manteca 2026 Water Revenue Refunding Bonds in the aggregate principal amount of \$ \_\_\_\_\_ (the “Bonds”), under an Indenture of Trust dated as of April 1, 2026 (the “Indenture”), between the City and U.S. Bank Trust Company, National Association, as trustee, and under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the “Bond Law”). The Bonds are secured by Net Revenues as such term is defined in the Indenture.

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 City contained in the Indenture and in the certified proceedings, and upon other certifications furnished to us, without undertaking to verify the same by independent investigation.

Based upon our examination we are of the opinion, under existing law, that:

1. The is a municipal corporation 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 City and constitute legal, valid and binding special obligations of the City enforceable in accordance with their terms.
3. The Indenture has been duly authorized, executed and delivered by the City and constitutes legal, valid and binding obligations of the City enforceable against the City in accordance with their respective terms.
4. The Indenture establishes a valid lien on and security interest in the Net Revenues and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Indenture.

5. 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 City comply with all requirements of the Internal Revenue Code of 1986, as amended, which must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted in the Indenture to comply with each of such requirements, and the City has full legal authority to make and comply with such covenants. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

6. 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 City nor the Underwriter take responsibility for the accuracy thereof.*

*Neither the issuer of the Bonds (the “Issuer”) nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the “Agent”) take any responsibility for the information contained in this Appendix.*

*No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds (hereinafter, the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust

companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC’s MMI

Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.