

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER [3], 2025
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 2025 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 2025 Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, interest on the 2025 Bonds is exempt from California personal income taxes. See “TAX MATTERS” herein.

\$ _____
Manteca Financing Authority
2025 Wastewater Revenue Bonds

Dated: Date of Delivery

Due: December 1, as shown on inside cover

Authority for Issuance. The bonds captioned above (the “2025 Bonds”) are being issued by the Manteca Financing Authority (the “Authority”) under a resolution adopted by the governing body of the Authority, the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the “Bond Law”), and an Indenture of Trust dated as of November 1, 2025 (the “Indenture”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee. See “THE 2025 BONDS – Authority for Issuance.”

Security for the 2025 Bonds. The 2025 Bonds are special obligations of the Authority, payable from the “Revenues” pledged under the Indenture, which consist primarily of installment payments (the “Installment Payments”) payable by the City of Manteca (the “City”) to the Authority under an Installment Sale Agreement, dated as of November 1, 2025 (the “Installment Sale Agreement”) between the City and the Authority. Repayment of the Installment Payments is secured by a pledge of the “Net Revenues” of the Wastewater System of the City. Neither the Authority nor the City will fund a debt service reserve fund in connection with the 2025 Bonds. See “SECURITY FOR THE 2025 BONDS.”

Use of Proceeds. The 2025 Bonds are being issued to provide funds to (i) refinance the Manteca Financing Authority Sewer Revenue Bonds Series 2009 and the City of Manteca Sewer Revenue Refunding Bonds Series 2012, (ii) finance certain improvements to the Wastewater System, and (iii) pay the costs of issuing the 2025 Bonds. See “FINANCING PLAN.”

Bond Terms; Book-Entry Only. The 2025 Bonds will bear interest at the rates shown on the inside cover, payable semiannually on June 1 and December 1 of each year, commencing on June 1, 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 2025 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 2025 Bonds will not receive certificates representing their interests in the 2025 Bonds. Payments of the principal of, premium, if any, and interest on the 2025 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 2025 Bonds. See “THE 2025 BONDS – General Bond Terms.”

Redemption. The 2025 Bonds are subject to optional redemption, mandatory sinking fund redemption, and extraordinary mandatory redemption from the net proceeds of insurance, sale or condemnation credited towards the prepayment of the Installment Payments by the City under the Installment Sale Agreement. See “THE 2025 BONDS – Redemption.”

THE 2025 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE REVENUES, WHICH CONSIST PRIMARILY OF THE INSTALLMENT PAYMENTS. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED TO THE PAYMENT OF THE INSTALLMENT PAYMENTS. THE 2025 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, OR LIEN, OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE REVENUES AS DESCRIBED HEREIN.

MATURITY SCHEDULE
(see inside cover)

This cover page contains certain information for quick reference only. It is not a summary of essential information about the 2025 Bonds. Potential investors should read this entire Official Statement to obtain information essential for making an informed investment decision. Investment in the 2025 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 2025 Bonds.

The 2025 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 2025 Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about November 25, 2025*.

Ramirez & Co., Inc.

The date of this Official Statement is: _____, 2025.

* Preliminary; subject to change.

MATURITY SCHEDULE

\$_____ Serial Bonds
(Base CUSIP†: _____)

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

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

† Copyright 2025, 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. None of the Authority, the City nor the Underwriter assumes any responsibility for the accuracy of these CUSIP data.

**MANTECA FINANCING AUTHORITY
(SAN JOAQUIN COUNTY, CALIFORNIA)**

City Council of City/Board of Authority

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/Authority Staff

Toni Lundgren, City Manager/Chief Administrative Officer
Matthew Boring, Interim Finance Director/Treasurer
Riana Daniel, Interim City Attorney
Cassandra Candini-Tilton, City Clerk/Secretary

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Jones Hall LLP
San Mateo, California

Municipal Advisor

Urban Futures, Inc.
Walnut Creek, California

Trustee

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

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 2025 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 2025 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the City or the District or Improvement Area No. 3 or any other parties described in this Official Statement, or in the condition of property within the District or Improvement Area No. 3 since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the 2025 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 2025 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 over allot or take other steps that stabilize or maintain the market price of the 2025 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 2025 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 2025 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.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
FINANCING PLAN.....	3
Refinancing Prior Bonds.....	3
The Project.....	3
Estimated Sources and Uses of Funds.....	4
THE 2025 BONDS.....	5
Authority for Issuance.....	5
General Bond Terms.....	5
Redemption*.....	6
Registration, Transfer and Exchange.....	8
DEBT SERVICE SCHEDULE.....	10
SECURITY FOR THE 2025 BONDS.....	11
General; Limited Obligation.....	11
Installment Payments; Pledge of Net Revenues.....	11
Receipt and Use of Gross Revenues under Installment Sale Agreement.....	12
Receipt and Use of Revenues under Indenture.....	13
No Reserve Fund.....	14
Rate Stabilization Fund.....	14
Rate Covenants.....	15
Parity Debt.....	15
No Senior Debt.....	16
Casualty Insurance and Eminent Domain Proceeds.....	16
THE AUTHORITY.....	18
THE CITY.....	18
General.....	18
Employees.....	18
Budget Process.....	18
Management and Financial Policies.....	19
Pension Plans and OPEB.....	20
City Investments.....	26
City Insurance.....	27
THE WASTEWATER SYSTEM.....	28
General.....	28
Management.....	28
Regulatory Requirements.....	29
Interjurisdictional Agreements.....	29
Ordinance for Eckert Cold Storage.....	30
Wastewater Service Connections.....	31
Sources of Wastewater System Revenue	31
Largest Customers.....	32
Wastewater Rates and Charges.....	33
Billing and Collection.....	34
Historical and Projected Wastewater Flow	35
Current and Future Indebtedness.....	35
Reserves.....	Error! Bookmark not defined.
Capital Improvement Program (CIP)	36
Historical and Projected Debt Service Coverage	37
BOND OWNERS' RISKS.....	39
Revenues; Rate Covenant.....	39
No Debt Service Reserve Fund	39
Increased Maintenance and Operation Costs	39
Slow-Down in Development Activity	39
Limitations on Remedies Available to Bond Owners.....	40
Seismic and other Natural Disasters	40
Loss of Tax-Exemption	41
Proposition 218.....	41
Environmental Regulation.....	42
Cybersecurity	43
Pandemic Diseases	43
Secondary Market for Bonds	43
Future Parity Debt.....	44
TAX MATTERS.....	44
CERTAIN LEGAL MATTERS.....	45
NO LITIGATION.....	46
RATING	46
CONTINUING DISCLOSURE.....	46
UNDERWRITING.....	47
MUNICIPAL ADVISOR	48
EXECUTION.....	48

APPENDIX A:	SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS
APPENDIX B:	AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2024
APPENDIX C:	FORM OF CONTINUING DISCLOSURE CERTIFICATE
APPENDIX D:	GENERAL INFORMATION ABOUT THE CITY OF MANTECA AND THE COUNTY OF SAN JOAQUIN
APPENDIX E:	FORM OF OPINION OF BOND COUNSEL
APPENDIX F:	DTC AND THE BOOK-ENTRY ONLY SYSTEM

OFFICIAL STATEMENT

\$ _____ *

Manteca Financing Authority 2025 Wastewater Revenue Bonds

INTRODUCTION

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

The Authority and the City. The Manteca Financing Authority (the “**Authority**”) is a joint exercise of powers authority established pursuant to a Joint Exercise of Powers Agreement, dated May 1, 1991, by and between the City of Manteca (the “**City**”) and the Successor Agency to the Manteca Redevelopment Agency (as successor to the Manteca Redevelopment Agency) to, among other things, assist the City with financing capital improvements. 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 “**2025 Bonds**”) are being issued by the Authority under a resolution adopted by the governing body of the Authority, the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the “**Bond Law**”), and an Indenture of Trust dated as of November 1, 2025 (the “**Indenture**”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”). See “THE 2025 BONDS – Authority for Issuance.”

Security for the 2025 Bonds. The 2025 Bonds are special obligations of the Authority, payable from the “Revenues” pledged under the Indenture, which consist primarily of semiannual installment payments (the “**Installment Payments**”) payable by the City to the Authority under an Installment Sale Agreement, dated as of November 1, 2025 (the “**Installment Sale Agreement**”). Repayment of the Installment Payments is secured by a pledge of the “Net Revenues” of the Wastewater System, where “**Net Revenues**” is defined as the “Gross Revenues” received from the Wastewater System, less the amount of “Maintenance and Operation Costs” of the Wastewater System (as those terms are defined herein). See “SECURITY FOR THE 2025 BONDS.”

Purpose of the 2025 Bonds. The 2025 Bonds are being issued to provide funds to (i) refinance the Manteca Financing Authority Sewer Revenue Bonds Series 2009 (the “2009 Bonds”) and the City of Manteca Sewer Revenue Refunding Bonds Series 2012 (the “2012 Bonds” and together with the 2009 Bonds, the “**Prior Bonds**”), (ii) finance certain improvements to the Wastewater System (as described herein, the “**Project**”), and (iii) pay the costs of issuing the 2025 Bonds. See “FINANCING PLAN.”

Rate Covenant. Under the Installment Sale Agreement, the City is obligated to fix, prescribe, and collect fees, rates and charges for the Wastewater System during each Fiscal Year that are sufficient to yield Net Revenues at least equal to 125% of the Installment Payments and debt service on any Parity Debt due and payable in such Fiscal Year. See “SECURITY FOR THE 2025 BONDS – Rate Covenant.”

Future Parity Debt. With the refunding of the Prior Bonds, there will be no outstanding Parity Debt. However, under the Installment Sale Agreement, additional series of bonds or other debt may be issued in the future that are payable from Net Revenues on a parity with the Installment Payments, subject to the conditions contained therein. See “SECURITY FOR THE 2025 BONDS – Parity Debt.”

No Reserve Fund. Neither the Authority nor the City will fund a debt service reserve fund for the 2025 Bonds.

Risks of Investment. The 2025 Bonds are repayable from the Revenues, which are primarily secured by the Installment Payments payable by the City from the Net Revenues of the Wastewater System. For a discussion of some of the risks associated with the purchase of the 2025 Bonds, see “BOND OWNERS’ RISKS.”

THE 2025 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM, AND SECURED BY, THE REVENUES, WHICH CONSIST PRIMARILY OF THE INSTALLMENT PAYMENTS. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED TO THE PAYMENT OF THE INSTALLMENT PAYMENTS. THE 2025 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, OR LIEN, OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE REVENUES AS DESCRIBED HEREIN.

FINANCING PLAN

The 2025 Bonds are being issued to provide funds to (i) refinance the Prior Bonds, (ii) finance certain improvements to the Wastewater System (as described herein, the “**Project**”), and (iii) pay the costs of issuing the 2025 Bonds.

Refinancing Prior Bonds

In 2009, to assist the City with financing improvements to the Wastewater System, the Authority issued the 2009 Bonds, which are currently outstanding in the principal amount of \$18,440,000. In 2012, to refinance the cost of certain improvements to the Wastewater System, the City issued the 2012 Bonds, which are currently outstanding in the principal amount of \$6,975,000. The 2009 Bonds and 2012 Bonds are collectively referred to as the Prior Bonds. The Prior Bonds are subject to optional redemption on December 1, 2025 (the “**Redemption Date**”), at a redemption price equal to the par amount of the Prior Bonds redeemed, plus accrued interest through the Redemption Date, without premium.

A portion of the proceeds of the Bonds will be deposited with U.S. Bank Trust Company, National Association, as trustee for the Prior Bonds, on or about the closing date for the 2025 Bonds and held in cash to redeem the Prior Bonds, in full, on the Redemption Date.

The Project

The Project is anticipated to consist of the following improvements to the Wastewater System, and in particular the City’s wastewater treatment facility that forms a part thereof:

- Dewatering (Centrifuge) Unit No. 3 improvements, estimated to cost \$3.8 million in Fiscal Year 2025-26 and \$4.0 million in Fiscal Year 2026-27;
- Sludge Thickener (DAF) Unit No. 3 improvements, estimated to cost \$6.4 million in Fiscal Year 2025-26 and \$14.0 million in Fiscal Year 2026-27;
- UV Disinfection System Upgrade improvements, estimated to cost \$9.6 million in Fiscal Year 2024-25 and \$5.8 million in Fiscal Year 2026-27; and
- Side Stream Treatment improvements, estimated to cost \$3.4 million in Fiscal Year 2025-26 and \$6.0 million in Fiscal Year 2026-27.

As provided in the Indenture and the Installment Sale Agreement, amounts not used for the above-described projects may be expended for other improvements to the Wastewater System approved by the City Council. Amounts expended in excess of the proceeds of the Bonds will come from reserves and other sources available to the Wastewater System. For additional details on the Project and other capital improvement program (CIP) projects being undertaken by the City for the Wastewater System, see “THE WASTEWATER SYTEM – Capital Improvement Program (CIP).”

Estimated Sources and Uses of Funds

The estimated sources and uses of funds relating to the 2025 Bonds are as follows:

<u>Sources:</u>	
Principal Amount of 2025 Bonds	\$
<i>Plus/Less</i> [Net] Original Issue Premium/Discount	
Total Sources	\$
 <u>Uses:</u>	
Refund Prior Bonds	
Deposit to Project Fund	
Costs of Issuance ⁽¹⁾	
Total Uses	\$

(1) Costs of Issuance include legal fees, Municipal Advisor's fee, Underwriter's discount, printing costs, rating agency fees, and other expenses related to the issuance of the 2025 Bonds.

THE 2025 BONDS

This section provides summaries of the 2025 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 2025 Bonds are being issued by the Authority under a resolution adopted by the governing body of the Authority on [October 21], 2025, the Bond Law, and the Indenture. The City, pursuant to a resolution adopted by the City Council of the City on [October 21], 2025, has also approved of the issuance of the Bonds and the distribution of the Official Statement.

General Bond Terms

Bond Terms. The 2025 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 2025 Bond has more than one maturity date. The 2025 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 2025 Bonds will be payable on June 1 and December 1 of each year to maturity (each an “**Interest Payment Date**”), commencing June 1, 2026.

Interest on the 2025 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 2025 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 2025 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 2025 Bonds not less than 15 days preceding such special record date.

Principal of and premium (if any) on any 2025 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 2025 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 2025 Bonds, as described below, payments of the principal of, premium, if any, and interest on the 2025 Bonds will be made directly to DTC, or its nominee, Cede & Co.

Calculation of Interest. The 2025 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 **April 15, 2020**, in which event such interest is payable from the Closing Date; provided, however, that if, as of the date of authentication of any 2025 Bond, interest thereon is in default, such 2025 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 2025 Bonds as the 15th calendar day of the month preceding an Interest Payment Date.

Book-Entry Only System. The 2025 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 2025 Bonds. Ownership interests in the 2025 Bonds may be purchased in book-entry form only. Purchasers of the 2025 Bonds will not receive physical bonds representing their ownership interests in the 2025 Bonds purchased.

Principal and interest payments with respect to the 2025 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 2025 Bonds. See “APPENDIX F – DTC and the Book-Entry Only System.”

So long as the 2025 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 2025 Bonds. See “APPENDIX F – DTC and the Book-Entry Only System.”

Redemption*

Optional Redemption. The 2025 Bonds maturing on or before December 1, 2035, are not subject to optional redemption prior to their respective stated maturity dates. The 2025 Bonds maturing on or after December 1, 2036, are subject to redemption in whole, or in part at the Written Request of the Authority among maturities on such basis as the Authority may designate and by lot within a maturity, at the option of the Authority, on any date on or after December 1, 2035, from any available source of funds, at a redemption price equal to the principal amount of the 2025 Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

Special Mandatory Redemption from Insurance and Sale Proceeds. The 2025 Bonds are subject to mandatory redemption, on any date, in whole, or in part among maturities selected by the Authority, from the net proceeds of insurance, sale or condemnation credited towards the prepayment of the Installment Payments by the City under the Installment Sale Agreement, at a redemption price equal to the principal amount of the 2025 Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The 2025 Bonds maturing on December 1, 20__ and December 1, 20__ (the “**2025 Term Bonds**”) are also be subject to redemption, by lot, on December 1 in each of the years as set forth in the following tables, from deposits made for such purpose pursuant to the Indenture, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof may be purchased, in the aggregate respective principal amounts and on the respective dates as set forth in the following tables; provided, however, that if some but not all of

* Preliminary; subject to change.

the 2025 Term Bonds have been redeemed pursuant to paragraphs described above, the total amount of all future payments with respect to such 2025 Term Bonds shall be reduced by the aggregate principal amount of such 2025 Term Bonds so redeemed, to be allocated among such payments in integral multiples of \$5,000 as determined by the Authority (written notice of which determination shall be given by the Authority to the Trustee).

2025 Term Bonds Maturing December 1, 20__

Sinking Fund Redemption Date (December 1)	Principal Amount To Be <u>Redeemed</u>
---	--

2025 Term Bonds Maturing December 1, 20__

Sinking Fund Redemption Date (December 1)	Principal Amount To Be <u>Redeemed</u>
---	--

In lieu of mandatory sinking fund redemption of the 2025 Term Bonds, amounts on deposit in the Bond Fund (to the extent not required to be deposited by the Trustee in the Interest Account or the Principal Account pursuant to the Indenture during the current Bond Year) may also be used and withdrawn by the Authority, upon the Written Request of the Authority delivered to the Trustee, at any time for the purchase of such 2025 Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Authority may in its discretion determine. The par amount of any of such Term Bonds so purchased by the Authority in any twelve-month period ending on April 1 in any year shall be credited towards and shall reduce the par amount of such Term Bonds required to be redeemed pursuant to this provision on the next succeeding December 1.

Notice of Redemption. The Trustee shall mail notice of redemption of the 2025 Bonds by first class mail, postage prepaid, not less than 20 nor more than 60 days before any redemption date, to the respective Owners of any 2025 Bonds designated for redemption at their addresses appearing on the Bond Registration Books and to one or more Securities Depositories and to the Information Services. Each notice of redemption shall state the date of the notice, the redemption date, the place or places of redemption, whether less than all of the 2025 Bonds (or all 2025 Bonds of a single maturity) are to be redeemed, the CUSIP numbers and (in the event that not all 2025 Bonds within a maturity are called for redemption) 2025 Bond numbers of the 2025 Bonds to be redeemed and the maturity or maturities of the 2025 Bonds to be redeemed, and in the case of 2025 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the redemption date there will become

due and payable on each of said 2025 Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered.

Each notice relating to a redemption pursuant to the optional redemption or special mandatory redemption provisions described above shall further state that such redemption may be rescinded by the Authority on or prior to the date set for redemption. Neither the failure to receive any notice nor any defect therein shall affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of 2025 Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

Notwithstanding the foregoing, while the 2025 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 2025 Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any 2025 Bonds to be redeemed, of a notice of redemption or its content or effect will not affect the validity of the notice of redemption, or alter the effect of redemption set forth in the Indenture.

Rescission of Redemption and Cancellation of Redemption Notice. The Authority shall have the right to rescind any redemption pursuant to the optional redemption or special mandatory redemption provisions described above by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the 2025 Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

Selection of 2025 Bonds for Redemption. With respect to the 2025 Bonds, whenever less than all of the 2025 Bonds of a maturity are to be selected for redemption, the Trustee shall determine, by lot, the numbers of the 2025 Bonds of such maturity to be redeemed, and shall notify the City thereof.

Partial Redemption of 2025 Bonds. Whenever provision is made in the Indenture for the redemption of less than all of the 2025 Bonds of a single maturity of the same issue, the Trustee shall select the 2025 Bonds of that maturity to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, the Trustee shall treat each 2025 Bond as consisting of separate \$5,000 portions and each such portion shall be subject to redemption as if such portion were a separate 2025 Bond.

Registration, Transfer and Exchange

Bond Registration Books. The Trustee will keep or cause to be kept at its trust office sufficient Bond Registration Books for the registration and transfer of the Bonds, which will at all times during regular business hours, and upon reasonable notice, be open to inspection by the Authority; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as provided in the Indenture.

Transfer. Any 2025 Bond may, in accordance with its terms, be transferred, upon the Bond Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such 2025 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 2025 Bonds under the Indenture. Whenever any 2025 Bond or 2025 Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and deliver to the transferee a new 2025 Bond or 2025 Bonds of like series, interest rate, maturity and aggregate principal amount. The Authority shall pay the cost of printing 2025 Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of 2025 Bonds.

Exchange. The 2025 Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee for a like aggregate principal amount of 2025 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 2025 Bonds. The Authority shall pay the cost of printing 2025 Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of 2025 Bonds.

Limitations. The Trustee may refuse to transfer or exchange, under the provisions of the Indenture, any 2025 Bonds selected by the Trustee for redemption under the Indenture, or any 2025 Bonds during the period established by the Trustee for the selection of 2025 Bonds for redemption.

DEBT SERVICE SCHEDULE

Annual debt service on the 2025 Bonds is presented below, assuming no optional or extraordinary redemptions.

Period Ending Dec. 1	Principal	Interest	Annual Debt Service
-------------------------	-----------	----------	------------------------

Total: _____

SECURITY FOR THE 2025 BONDS

This section provides summaries of the security for the 2025 Bonds, and certain provisions of the Indenture and the Installment Sale Agreement. Unless the context otherwise requires, “Bonds” refers to the 2025 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 2025 Bonds are special limited obligations of the Authority, payable from and secured solely by a pledge of and lien on the Revenues, consisting primarily of the Installment Payments to be made by the City under the Installment Sale Agreement, and all amounts held in any fund or account established and held by the Trustee under the Indenture (other than the Project Fund and the Cost of Issuance Fund). Neither the faith and credit nor the taxing power of the Authority, the City, the State of California or any political subdivision thereof is pledged to the payment of the Installment Payments or the principal or redemption price of or interest on the 2025 Bonds. Neither the payment of the principal of or interest on the 2025 Bonds nor the obligation of the City to make Installment Payments under the Installment Sale Agreement constitutes a debt of the City, the Authority, the State of California or any political subdivision thereof in contravention of the Constitution or the laws of the State of California.

Installment Payments; Pledge of Net Revenues

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

Net Revenues. The Indenture defines “**Net Revenues**” 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 all gross income and revenues of any kind, howsoever derived, from the funds, services and facilities of the Wastewater System, including all fees, rates, late payment charges and other charges received or receivable for the wastewater and/or sewage collection, treatment and disposal service furnished by the Wastewater System and all gross revenues of all extensions of the Wastewater System hereafter acquired or constructed, including all capacity charges, connection fees and other amounts charged for the Wastewater 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 Wastewater System, calculated in accordance with generally accepted accounting principles, including (among other things) costs and expenses paid or incurred for the collection, treatment and disposal of wastewater and sewage by the Wastewater System and costs and expenses of management and repair of the Wastewater System and costs and expenses necessary to maintain and preserve the Wastewater 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) charges for Installment Payments or the payment of and interest on the Bonds and any Parity Debt.

Wastewater System. The Indenture defines "**Wastewater System**" as the whole and each and every part of the wastewater and sewage collection, treatment and disposal system of the City, including the portion thereof existing on the date hereof and including all additions, betterments, extensions and improvements to such wastewater and sewer 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 sewer and wastewater system purposes, only the City's ownership interest in such asset or property or only the part of the asset or property so used for sewer system purposes shall be considered to be part of the Wastewater System.

Receipt and Use of Gross Revenues under Installment Sale Agreement

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

- (i) all Maintenance and Operation Costs (including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs) as such Maintenance and Operation Costs become due and payable;
- (ii) to the Trustee (or other recipient set forth in a Parity Debt Instrument) the amount needed to pay the Installment Payments and principal of, and interest on, any Parity Debt;
- (iii) to the Trustee (or other recipient set forth in a Parity Debt Instrument) the amount of any deficiency in any reserve fund established for any Bonds or Parity Debt, the notice of which deficiency has been given to the City in accordance with the Indenture and the related Parity Debt Instruments, on a pro rata basis; and
- (iv) as long as all of the foregoing payments, allocations and transfers are made at the times and in the manner set forth above, any moneys remaining in the Wastewater Fund may at any time be treated as surplus and applied for any lawful purpose.

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

Budget and Appropriation of Installment Payments. During the Term of the Installment Sale Agreement, the City shall adopt all necessary budgets and make all necessary appropriations of the Installment Payments from the Net Revenues. If any Installment Payment requires the adoption by the City of any supplemental budget or appropriation, the City shall promptly adopt the same. The foregoing covenants on the part of the City constitute duties imposed by law and it is the duty of each and every public official of the City to take such actions and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this paragraph.

Receipt and Use of Revenues under Indenture

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

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

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

Interest Account. The Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such Interest Payment Date on all Bonds then Outstanding. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it comes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

Principal Account. The Trustee shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds coming due and payable on each December 1, including the aggregate principal amount of the Term Bonds (if any) which are subject to mandatory

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

Deposit and Use of Revenues in Redemption Fund. The Trustee shall establish and maintain the Redemption Fund, into which the Trustee shall deposit a portion of the Revenues received representing optional prepayments of the Installment Payments, in accordance with a Written Request of the Authority. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and premium (if any) of the Bonds to be redeemed under the optional redemption or special mandatory redemption provisions of the Indenture; *provided, however*, that at any time prior to the selection of Bonds for redemption, the Trustee may apply such amounts to the purchase of Bonds at public or private sale, when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as shall be directed under a Written Request of the Authority, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Bonds.

No Reserve Fund

Neither the Authority nor the City will fund a debt service reserve fund for the 2025 Bonds.

Rate Stabilization Fund

Under the Installment Sale Agreement, 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 Installment Sale Agreement, for the purpose of stabilizing the fees, rates and charges imposed by the City with respect to the Wastewater System. From time to time the City may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Net Revenues that are released from the pledge and lien, which secures the Installment Payments and any Parity Debt, as the City may determine.

The City may, but is not required to, withdraw from any amounts on deposit in a Rate Stabilization Fund and deposit such amounts in the Wastewater Fund in any Fiscal Year. Amounts so transferred from a Rate Stabilization Fund to the Wastewater Fund may constitute Gross Revenues for such Fiscal Year, and count toward the City’s rate covenants under the Installment Sale Agreement, as and to the extent described below under “– Rate Covenants.” Amounts on deposit in a Rate Stabilization Fund shall not be pledged to or otherwise secure the Installment Payments 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 Wastewater Fund. The City has the right at any time to withdraw any or all amounts on deposit in a Rate Stabilization Fund and apply such amounts for any lawful purposes of the City.

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

Rate Covenants

Sum Sufficient. Under the Installment Sale Agreement, the City must fix, prescribe and collect fees, rates and charges for the Wastewater 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 Wastewater System estimated by the City to become due and payable in such Fiscal Year;
- (ii) the Installment Payments and debt service on any Parity Debt due and payable in such Fiscal Year;
- (iii) all other payments required for compliance with this Agreement, the Indenture and the Parity Debt Instruments; and
- (iv) all payments required to meet any other obligations of the City that are charges, liens, encumbrances upon or payable from the Gross Revenues of the Wastewater System or the Net Revenues of the Wastewater System.

Debt Service Coverage. In addition, the City shall fix, prescribe and collect fees, rates and charges for the Wastewater System during each Fiscal Year which are sufficient to yield Net Revenues at least equal to 125% of the Installment Payments and debt service on any Parity Debt due and payable 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 Wastewater 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 Prior Bonds, there will be no outstanding obligations payable from the Net Revenues of the Wastewater System on parity with the Installment Payments. However, under the Installment Sale Agreement, 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 Installment Sale Agreement and 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 Installment Payments 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 Wastewater System to be made with the proceeds of such Parity Debt, and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of such Fiscal Year or such 12-month period, were not in service, all in an amount equal to 90% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36-month period in which each addition, improvement or extension is respectively to be in operation, all as shown in the written report of an Independent Consultant engaged by the City; and

(ii) An allowance for revenues projected to arise from any increase in the fees, rates and charges of the Wastewater 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 Wastewater 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 Installment Sale Agreement to not issue or incur any additional bonds or other obligations during the term thereof having any priority in payment of principal or interest out of the Net Revenues over the Installment Payments. However, this covenant does not limit or affect the ability of the City to issue, enter into or incur additional Parity Debt as described above, or obligations which are either unsecured or which are secured on a basis which is junior and subordinate to the pledge of and lien upon the Net Revenues established under the Installment Sale Agreement.

Casualty Insurance and Eminent Domain Proceeds

Covenant to Maintain Insurance. The City covenants that it will at all times maintain such insurance on the Wastewater 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 Wastewater System shall be used to repair or rebuild such damaged or destroyed portion of the Wastewater 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 Wastewater 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 Wastewater 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 AUTHORITY

The Authority was created as of May 1, 1991, by the City and the Manteca Redevelopment Agency (now succeeded by the Successor Agency to the Manteca Redevelopment Agency) under a Joint Exercise of Powers Agreement, for the purpose, among others, of having the Authority issue its bonds to finance the acquisition, construction and improvement of certain public capital improvements for the City. The members of the City Council serve as the governing board of the Authority, and certain City staff serve as the officers of the Authority. The Joint Exercise of Powers Agreement was entered into under Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California. The Authority is a separate entity constituting a public instrumentality of the State of California.

THE CITY

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 spans 17.8 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

Certain employees of the City 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 end of June 30, 2026 and negotiations will start in the beginning of calendar year 2026.

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 Wastewater 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 Wastewater 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 budget policy, a capital improvement policy, a debt management policy, a cash management policy, a disclosure policy, a financial planning policy, a fixed 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; Wastewater System funding sources include developer impact fees, contributed capital and remaining revenues after debt service on Wastewater 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 WASTEWATER SYTEM – Capital Improvement Program (CIP)" for additional details on the current CIP for the Wastewater 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 Wastewater System, anticipated changes in rates, debt service coverage and reserve levels; and (iii) the City will prepare a 10- or 20-year Wastewater System master plan.

Fixed Assets Policy. The City's fixed assets policy establishes a methodology for determining which fixed assets will be capitalized and the value to assign to such assets. The policy's goals are to control, protect and make use of the City's fixed assets in order to deliver services to residents and to account for such assets in accordance with GAAP. Under the fixed assets policy: (i) only assets valued at over \$10,000 will be capitalized (except for land, certain infrastructure and assets that are subject to grant conditions); (ii) each department head will maintain and update annually a list of fixed assets for the applicable department; and (iii) fixed assets may be disposed of only with City Council or City Manager and Finance Department approval, with proceeds returned to the fund that financed the purchase of such assets.

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 Sewer 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 Sewer Fund reserves in an amount that is equal to 25% of Wastewater System annual operating expenses. The Sewer Fund reserve amount is separately identified in the City's accounting records, financial statements and budgets. As of June 30, 2025, the City held \$_____ (unaudited) in unrestricted reserves in its Sewer Fund which will equal to an estimated ____ days of Operation and Maintenance Costs. Reference the various sub-funds. Maybe policy only applies to ordinary rates and charges, not PFIP and capacity charges.

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. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference in this Official Statement. None of the Authority, City or Underwriter can guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

The 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 Wastewater System, based on the methodology currently employed by the City.

The Miscellaneous Plan provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Miscellaneous Plan		
	Classic Tier I	Classic Tier II	PEPRA
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	12.360%	12.360%	12.360%

Source: Manteca Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024.

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 \$5,848,910 in fiscal year 2024, which was made under the lump sum payment 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, 2022 and the measurement date of June 30, 2023. As of June 30, 2024, the City had 329 active employees in the Miscellaneous Plan.

Employees	June 30, 2022	June 30, 2023
Inactive employees or beneficiaries receiving benefits	314	328
Inactive employees entitled to but not yet receiving benefits	292	328
Active employees	306	308
Totals	912	964

Source: Manteca Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024.

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 \$12,427,803 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, 2023, using an annual actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023 using standard update procedures. The changes in net pension liability for the Miscellaneous Plan from June 30, 2022 to June 30, 2023 are shown in the following table.

	Miscellaneous Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2022	\$214,925,723	\$145,994,035	\$68,931,688
Changes in the Year:			
Service Cost	\$4,559,169	--	\$4,559,169
Interest on the Total Pension Liability	14,813,753	--	14,813,753
Changes in Benefit Terms	231,820	--	231,820
Changes of Assumptions	--	--	--
Differences Between Actual & Expected Experience	2,496,481	--	2,496,481
Net Plan to Plan Resource Movement	--	8,681,655	(8,681,655)
Contributions – Employer	--	1,861,766	(1,861,766)
Contributions – Employees	--	9,126,107	(9,126,107)
Net Investment Income	--	(107,357)	107,357
Benefit Payments, Including Refunds of Employee Contr.	(10,483,075)	(10,483,075)	--
Administrative Expense	--	--	--
Other Misc. Income/(Expense)	--	--	--
Net Changes	11,618,148	9,079,096	2,539,052
Balance at June 30, 2023	\$226,543,871	\$155,073,131	\$71,470,740

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, 2024, are summarized as follows:

	Safety Plan		
	First Tier	Second Tier	PEPRA
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%	13.75%
Required Employer Contributions Rates	29.090%	24.790%	14.500%
Required UAL Contribution	\$3,163,795	\$0	\$0

	Safety	
	First Tier	PEPRA
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	26.110%	14.500%
Required UAL Contribution	\$2,145,054	\$0

Source: Manteca Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024.

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 \$5,308,849 in fiscal year 2024.

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, 2024, the contributions to the Safety Plan were \$8,917,736.

Pension Expense. For the year ended June 30, 2024, the City recognized pension expense of \$11,443,795 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, 2024, attached hereto as Appendix B.

Actions Taken by CalPERS Related to Discount Rate and Other Assumptions. In 2013, the CalPERS' Board of Administration (the "**Board of Administration**") approved a recommendation to change the CalPERS amortization and smoothing policies. In 2018, the Board of Administration voted to shorten the period over which CalPERS will amortize actuarial gains and losses from 30 years to 20 years for new pension liabilities. In 2014, the Board of Administration approved new demographic actuarial assumptions based on a 2013 study of recent experience. The largest impact, applying to all benefit groups, is a new 20-year mortality projection reflecting longer life expectancies and that longevity will continue to increase. Because retirement benefits will be paid out for more years, the cost of those benefits will increase as a result. In 2015, the Board of Administration adopted a funding risk mitigation policy intended to

incrementally lower its discount rate – its assumed rate of investment return – in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. In 2016, the Board of Administration voted to lower its discount rate for local agencies over time.

On July 12, 2021, CalPERS announced it had achieved a preliminary investment return of 21.3% for the 12-month period ending June 30, 2021. Under the Funding Risk Mitigation Policy approved by the CalPERS Board of Administration in 2015, the double-digit return triggered a November 2021 reduction in the discount rate from 7.00% to 6.80%.

Lowering the discount rate means employers that contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under PEPPRA will also see their contribution rates rise. PEPPRA included certain other provisions to try to minimize pension costs for covered employees. The three-year reduction of the discount rate will result in average employer rate increases of about 1 percent to 3 percent of normal cost as a percent of payroll for most miscellaneous retirement plans, and a 2 percent to 5 percent increase for most safety plans. Additionally, many CalPERS employers will see a 30 to 40 percent increase in their current unfunded accrued liability payments. These payments are made to amortize unfunded liabilities over 20 years to bring the pension fund to a fully funded status over the long-term.

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, 2023 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, 2024. 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, 2024, 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, 2024, the City’s contributions to the Plan were \$2,002,773.

Employees Covered by Benefit Terms. Membership in the plan consisted of the following at the measurement date of June 30, 2023:

Employees	June 30, 2023
Active Employees	452
Inactive employees or beneficiaries currently receiving benefit payments	227
Inactive employees or beneficiaries entitled but not yet receiving benefit payments	<u>56</u>
Total	735

Total OPEB Liability. For the year ended June 30, 2024, the City recognized total OPEB liability of \$37,877,467.

OPEB Expense. For the year ended June 30, 2024, the City recognized OPEB expense of \$2,440,035.

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 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:

- Safety of Principal;
- Liquidity; and
- Yield.

The City Council has delegated the authority to invest funds of the City to the City Manager and his or her designee (referred to in the Investment Policy as the “Investment Officer”). The Investment Officer must invest City funds in accordance with the prudent person standard under California Civil Code § 2261 et seq.

The Investment Policy provides a number of permitted investment categories, including: (i) the State of California Local Agency Investment Fund (LAIF); (ii) negotiable certificates of deposit with a maximum term of five years (these investments must be collateralized); (iii) medium term notes; (iv) money market funds; (v) US treasury notes; (vi) federal home loan banks; (vii) federal farms credit banks; and (viii) guaranteed investment contracts. The City is also a participant in the California Asset Management Program (CAMP).

Under the Investment Policy, the City consolidates its cash in order to maximize returns, with income allocated to various funds in proportion to their contributions, based on GAAP. As of June 30, 2024, the value of the City's position in the pool in the Local Agency Investment Fund (a permitted investment under the Investment Policy) is the same as the value of the pool shares in the amount of \$_____. Of such amounts, approximately ____% are allocated to the Sewer Fund. The City’s Fiscal Year 2025 budget reflects the City’s expectation that approximately

\$_____ million in unrestricted retained earnings will be allocated to the Sewer Fund as of June 30, 2025 (unaudited).

The City's investments are reported quarterly to the City Council, and the Investment Policy requires the City to obtain a review of the City's investments from an independent certified public accountant annually.

For additional information relating to the Investment Policy, see Note 3 to the City's audited financial statements for Fiscal Year 2023-24 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 2023-24 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'

Given that Wastewater received ~\$9 million in capacity charges/PFIP Fees in FY 25, and this is expected to be an important source of funding, I think a short narrative describing the City's development would be helpful.

THE WASTEWATER SYSTEM

General

The Wastewater System consists of both a sewer collection system and a sewer treatment system. The collection system is contiguous with City limits and includes approximately 27,000 service connections, approximately 4,500 manholes, approximately 250 miles of 4-inch to 60-inch diameter collector and trunk sewer mains, approximately 21 miles of sewer force main, and more than 18 pump stations.

The wastewater treatment system serves the City's wastewater collection system described above (located within City limits) and certain wastewater connections located outside City limits pursuant to agreements the City has with other local agencies. See “– Interjurisdictional Agreements,” below.

The wastewater treatment plant owned and operated by the City is known as the “Manteca Wastewater Quality Control Facility” (“**WQCF**”). The WQCF is located on approximately 210 acres of land southwest of downtown Manteca. The WQCF primarily treats wastewater generated from households and businesses within its service area (consisting of the City of Manteca, as well as portions of the City of Lathrop, Raymus Village, and Oakwood Lakes Water District), but it also receives seasonal discharges from a local food processor (Eckert Cold Storage) for direct application to land. See “– Ordinance for Eckert Cold Storage,” below.

The WQCF currently has a permitted capacity of 9.87 million gallons per day (MGD) (average dry weather flow). The treatment process is divided into two parallel treatment systems, the north and south treatment systems. The treatment is identical in both systems and consists of mechanical screening, aerated grit removal, primary sedimentation, conventional activated sludge with nitrification-denitrification, followed by secondary sedimentation, cloth media filter, Ultraviolet Disinfection, and ultimately discharged to the San Joaquin River. Sludge removed from primary sedimentation is pumped directly to anaerobic digesters while sludge from secondary sedimentation is thickened by dissolved air flotation and then pumped to anaerobic digesters. After digestion, the treated sludge is dewatered by centrifuge. Dried biosolids, grit, and screenings are hauled offsite to a privately-owned landfill for disposal.

Management

Brief biographies of key members of City staff involved in management of the Wastewater 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 Wastewater 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, Interim Finance Director/Assistant Finance Director. Mr. Boring is the Interim Director of Finance and current Assistant Finance Director for the City. In that role, he oversees the finance department, including budget, accounting and audit functions, including with respect to the Wastewater System. He has served as Assistant Director of Finance since September 2024. Prior to that, he was Director of Finance for the City of Galt for 2 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.

Regulatory Requirements

The City's Public Works Department is responsible for compliance with all federal and State-mandated wastewater discharge requirements. The requirements include specific limits on the quality of effluent that can be discharged to land and/or surface waters. Permit compliance is demonstrated through a variety of sampling, testing, monitoring, and reporting regimens.

The present wastewater discharge requirements for the WQCF are established by the California Regional Water Control Board – Central Valley Region (the "**Regional Board**"), which administers and enforces all federal and State of California wastewater discharge requirements for the City. The Regional Board administers regulations promulgated under the National Pollutant Discharge Elimination System by the United States Environmental Protection Agency (the "**EPA**") and Division 7 of the California Water Code and regulations adopted thereunder.

The City's collection system is currently permitted to operate under National Pollutant Discharge Elimination System (NPDES) CA0081558 Order R5-2021-0003, which requires the City to develop and implement a Sewer System Management Plan (the "**SSMP**") that describes how the City operates and maintains the collection system in compliance with General Order requirements. The City's current SSMP is dated January 8, 2020.

Interjurisdictional Agreements

Agreement with City of Lathrop. The City provides sanitary sewer service to a portion of the City of Lathrop in accordance with an Agreement, dated March 5, 1985, between the City of Lathrop (successor to the Lathrop County Water District) and the City, as amended including recently on May 26, 2016 (the "**Lathrop Agreement**"). Under the Lathrop Agreement, the City of Lathrop obtains a capacity right to flows discharged from the City of Lathrop to the City's WQCF, up to a maximum of 0.8 MGD (which amount was based on the then-existing treatment capacity of the WQCF). In 2007, as a result of the WQCF phase 3 expansion project, the City of Lathrop's capacity right increased to 1.451 MGD.

The City of Lathrop is responsible for its share of operation and maintenance costs, capital costs associated with the installation of additional facilities and extraordinary costs in proportion to the ratio that additional facilities are attributable to the parties. Amounts are payable to the City on a monthly basis, in arrears.

In addition, under the Lathrop Agreement, the City must notify the City of Lathrop, during the planning stage, of any future treatment plant capacity expansion and provide the City of Lathrop with the option of requesting and purchasing additional treatment plant capacity as part of any such expansion. The purchase price for such future incremental treatment plant capacity is based on the City of Lathrop's proportionate share of costs (as defined therein). The City of Lathrop is responsible for measuring its wastewater flow via a flow meter.

There is no termination date for the Lathrop Agreement.

Agreement with Raymus Village Maintenance District (San Joaquin County). Pursuant to an Agreement, dated May 15, 1989, between the City and the Raymus Village Maintenance District (a component unit of San Joaquin County) (the “**Raymus Village Agreement**”), the Raymus Village Maintenance District installed a sanitary sewer trunk line to connect the sanitary sewer system owned and operated by the District to the City’s Wastewater System and pays the City to treat the District’s wastewater at the WQCF.

Under the Raymus Village Agreement, each dwelling unit within the District pays a connection fee at the time of building permit in accordance with the City’s fee schedule in existence on the date of connection. In addition, the District pays to the City (1) charges based on the volume of discharge into the City’s Wastewater System measured by a flow meter, on a monthly basis, and (2) an amount to compensate the City for a pro rata portion of existing and future annual sewer bond obligations (in an amount that is no greater than the amount paid by individual dwellings within the City limits), and (3) an amount equivalent to the pro rata share of any annual sewer improvement revenue program adopted by the City, in each case in an amount that is no greater than the average rate charged a residential dwelling within the City limits. Amounts owed by the District are payable to the City annually.

There is no termination date for the Raymus Village Agreement.

Agreement with Oakwood Lake Water District. Pursuant to a Wastewater Services Agreement, dated May 9, 2019, between the City and the Oakwood Lake Water District (as amended to date, the “**Oakwood Lake Agreement**”), the City provides wastewater treatment services to two projects located within the boundaries of the Water District: (1) the Oakwood Shores residential subdivision (consisting of 436 single-family homes) and (2) a 62-unit mobile home park. Both projects are now built-out, with the final unit completed in December 2024. The Water District provides water and wastewater services to these homes, with treatment occurring at the City’s WQCF.

Under the Oakwood Lake Agreement, the Oakwood Lake Water District constructed a sewer force main originating with the Water District and conveying wastewater to the City’s WQCF, together with a new or modified sewer pump station, along with a stormwater drain line, new pump station and new outfall to the San Joaquin River. Each dwelling unit within the Water District pays an impact fee and connection fee to the City at the time of building permit in accordance with the City’s fee schedule in existence on the date of connection. Similarly, the Water District is obligated to pay to the City monthly services charges for wastewater treatment and disposal services provided to dwellings within the Water District boundary at the same rate as residential units in the City, based on flow determined by a flow meter, payable on a quarterly basis.

There is no termination date for the Oakwood Lake Agreement.

Ordinance for Eckert Cold Storage

Eckert Cold Storage is a food processor in the City that discharges its industrial wastewater to a separate collection and disposal system, for which Eckert is the only user. This system conveys Eckert’s industrial wastewater around the City’s Wastewater System and the WQCF for direct disposal onto farmland located within the City.

Since 2009, the City Council has implemented, via ordinance, rates and charges applicable to the industrial wastewater collection and disposal system used by Eckert intended to cover the City's costs. The amount established by ordinance payable by Eckert consists of (i) a variable charge based on actual monthly utility usage, chemical usage and laboratory analysis and (ii) a fixed charge based on estimated operations, maintenance and replacement costs. The most recent update to the ordinance was approved by the City Council in February 2023.

Wastewater Service Connections

The following tables show the number of service connections for the Wastewater System for the past five fiscal years. As shown in the table, for Fiscal Year 2024-25, approximately 96% of the total wastewater service connections are single-family residential connections. The City anticipates continued modest growth in wastewater connections for the next five fiscal years.

Table 1
Manteca Wastewater System
Service Connections
Fiscal Years 2021-22 through 2024-25

Fiscal Year	Single-Family	Multi-Family	Commercial/Industrial	Total	% Change
2021-22	24,273	388	686	25,347	--%
2022-23	24,713	382	699	25,794	1.76
2023-24	25,289	399	696	26,384	2.29
2024-25	26,345	402	697	27,444	4.02

Source: City of Manteca.

Sources of Wastewater System Revenue

Service Charges. The following table shows service charges for the Wastewater System for the most recent fiscal year.

Table 2
Manteca Wastewater System
Break-Down of Services Charges
Fiscal Ended June 30, 2024

Customer Type	Charges for Services⁽¹⁾	% of Total
Residential ⁽¹⁾	\$11,919,621	77.25%
Commercial/Industrial	1,662,798	10.78
Other	9,446	0.06
Interjurisdictional Agreements ⁽²⁾	1,837,240	11.91
Total	\$15,429,105	100.0%

(1) Includes sewer maintenance and operations enterprise fund only; not any capacity charges or other impact fees payable to the Wastewater System

(2) Consists of City of Lathrop, Oakwood Lake and Raymus Village.

Source: City of Manteca.

Historic PFIP and Connection Fee Revenues. The City charges new development within the City two separate fees at the time they are connected to the Wastewater System: (1) public facilities implementation plan (PFIP) charges and (2) capacity charges (formerly referred to as connection fees). See “– Wastewater Rates and Charges” for additional details.

The following table shows PFIP fee and connection fee (now referred to as capacity charge) revenue sources for the Wastewater System for the past five fiscal years.

Table 3
Manteca Wastewater System
PFIP Fees and Capacity Charges⁽¹⁾
Fiscal Years 2021-22 through 2024-25

Fiscal Year	PFIP Fees	Capacity Charges⁽¹⁾	Total
2021-22	\$1,025,052	\$6,903,978	\$7,929,030
2022-23	1,298,910	5,303,326	6,602,236
2023-24	1,339,942	6,238,728	7,578,670
2024-25	1,719,848	7,300,017	9,019,865

(1) In 2025, as part of a new capacity charge study, the previously collected WQCF III connection fee and WQCF III connection fee #2 were consolidated into a single, new “capacity charge.”

Source: City of Manteca.

Largest Customers

The following table sets forth the Wastewater System’s top ten customers and their associated revenues for the most recent fiscal year.

Table 4
Manteca Wastewater System
Top Ten Customers by Total Revenue
Fiscal Year 2024-25

No.	Account Name	Type of Use	Revenues	% of Revenues⁽¹⁾
1	Sunnyvalley Smoked Meats Inc.	Commercial	\$346,726	1.84%
2	Great Wolf	Commercial	146,117	0.78%
3	El Rancho Mobile Home Prk	Multi-Family	134,803	0.72%
4	Tidewater Landing	Multi-Family	89,245	0.47%
5	Welltower Cogir Tenant LLC	Multi-Family	77,993	0.41%
6	Almond Blossom Estate SPE, LLC	Multi-Family	68,116	0.36%
7	VFT Properties	Multi-Family	58,016	0.31%
8	Crothall Laundry Services	Commercial	49,422	0.26%
9	Eskaton Manteca Manor	Multi-Family	44,932	0.24%
10	Southland Mobile Home Park	Multi-Family	44,675	0.24%
Top Ten Total			\$1,060,046	5.64%

(1) Based on total wastewater system Charges for Services of \$18,903,676.

Source: City of Manteca.

Wastewater 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 rates and charges of the Wastewater System. For information concerning Proposition 218 which may affect the City's ability to increase sewer fees and charges, see "BOND OWNERS' RISKS" herein.

2024 Master Plan. The City adopted a Wastewater Master Plan on March 5, 2024. This comprehensive document set forth the various capital projects and financial and operational requirements of the Wastewater System and led the way for rate studies for the Wastewater System, as described below.

2025 Cost of Service Sewer Rate Study. A rate study was prepared for the City by Stantec in January 2025 (the "**2025 Rate Study**"). The 2025 Rate Study provides a financial plan for funding the operating costs of the Wastewater System, which included a revenue sufficiency analysis (RSA) over a 10-year projection period, cost-of-service analysis (COSA) and rate structure analysis. The 2025 Rate Study is based on various assumptions and models regarding revenues and expenses, as indicated therein.

Current and Projected Wastewater Service Rates. Current sewer rates solely consist of a fixed monthly fee for residential and equivalent accounts and commodity (use based) rates charged based on measured water usage to other classes of customers. The Fiscal Year 2025-26 rates shown represent an approximately 37.0% increase from prior rates (which had not been raised since 2009). In addition, the 2025 Rate Study proposed wastewater service rates increase effective July 1, 2026 (10.0%), July 1, 2027 (6.0%), July 1, 2028 (6.0%) and July 1, 2029 (6.0%).

Table 5
Manteca Wastewater System
Adopted Wastewater Service Rates

Customer Class	Billing Unit	CURRENT – Effective May 15, 2025	Effective July 1, 2026	Effective July 1, 2027	Effective July 1, 2028	Effective July 1, 2029
<u>Residential Customers</u>						
Single-Family Residential	per unit	\$58.60	\$64.50	\$68.40	\$72.50	\$76.90
Multi-Family Residential	per unit	\$41.70	\$45.90	\$48.70	\$51.60	\$54.70
Mobile Home	per unit	\$37.20	\$40.90	\$43.40	\$46.00	\$48.80
<u>Commercial Customers</u>						
Commercial – Low Strength	per 1,000 CF	\$45.70	\$50.30	\$53.30	\$56.50	\$59.90
Commercial – Mid Strength	per 1,000 CF	\$55.40	\$60.90	\$64.60	\$68.50	\$72.60
Commercial – High Strength	per 1,000 CF	\$104.60	\$115.10	\$122.00	\$129.30	\$137.10
<u>Industrial Class</u>						
Volume	per MG	\$3,872.20	\$4,259.40	\$4,515.00	\$4,785.90	\$5,073.10
BOD	per lb	\$0.70	\$0.80	\$0.80	\$0.80	\$0.80
TSS	per lb	\$1.00	\$1.10	\$1.17	\$1.24	\$1.31
Nitrogen	per lb	\$3.10	\$3.41	\$3.61	\$3.83	\$4.06

Source: City of Manteca.

2025 Capacity Charge Rate Study. A rate study was prepared for the City by Stantec in January 2025 regarding connection and capacity fees (the "**2025 Capacity Charge Study**"). The 2025 Capacity Charge Study provides a financial plan for funding capital improvement costs of

the Wastewater System, primarily at the WQCF. The 2025 Capacity Charge Study is based on various assumptions and models regarding revenues and expenses, as indicated therein. Most notable, the study recommended that the two previous “connection fees” charged by the City be consolidated into a single “capacity charge.” The amount of the capacity charge depends on the type of user and, in certain cases, the strength of the anticipated flow to the WQCF. The capacity charge for a single-family residence (3/4” meter) is currently at \$5,167.79 (subject to annual escalation, with larger meters having higher fees), and is used for capital costs associated with the City’s treatment system (WQCF).

Development Impact Fees. The City charges development impact fees in connection with its Public Facilities Implementation Plan (“PFIP”), which was most recently amended in 2013. The PFIP fee for the Wastewater System for a single-family residence (3/4” meter) is currently ranging from \$292 to \$2,488 per residential parcel, depending on land use designation and zone (subject to annual escalation, with larger meters having higher fees), and is used for capital costs associated with the City’s collection system.

Comparison to Surrounding Communities. Set forth in the following table is the City’s monthly Sewer Service Charges for Fiscal Year 2024-25 for single-family residential users, and a comparison to surrounding communities.

Table 6
Manteca Wastewater System
Comparative Monthly Charges
As of July 1, 2025

Service Provider	Total Monthly Bill⁽¹⁾
Tracy	\$58.14
Manteca	58.60
Stockton	59.65
Escalon	69.96
Lathrop	84.00

(1) For single-family residence.

Source: Service provider webpages as of July 2025.

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. Approximately 20% of the customers carry forward a delinquency balance after the 1st of the following month. If payment is not received after 25 days of the initial billing, a 48-hour courtesy notice is sent to the customer. As of October 15, 2012, approximately 10% of the accounts received 48-hour notices. The City reports, however, that upon receipt of such notice almost all of its customers pay delinquent amounts within three days. Failure to pay within the three days of the notice results in the City discontinuing water service. If services are shut off, a customer must bring the account current and pay a \$25 administrative fee to resume service.

Historical and Projected Wastewater Flow

Historical Wastewater Flow. The following tables set forth the volume of wastewater collected by the Wastewater System and pumped to the WQCF for the years shown. Although wastewater flow remains fairly stable throughout the year, there is typically a slight increase in flows sent to the WQCF during wet weather months due to infiltration and inflow.

Table 7
Manteca Wastewater System
Historical Wastewater System Usage
Calendar Years 2021 through 2025

Calendar Year	Daily Average Flow (MGD) ⁽¹⁾	Percentage Change
2021	7.27	--%
2022	7.50	3.2
2023	8.10	8.0
2024	8.35	3.1
2025	8.27	(1.0)

(1) Includes all flow to the WQCF, including from City of Lathrop, Raymus Village and Oakwood Lake connections.
Source: City of Manteca.

Projected Wastewater Flow. Notwithstanding the slight decline in 2025, the City anticipates that daily average flow will continue to increase at the rate of approximately 2.80% per year based on the 2024 rate. A portion of the proceeds of the 2025 Bonds will pay for capacity improvements to the WQCF. See “– Capital Improvement Plan” and “FINANCING PLAN – The Project.”

Current and Future Indebtedness

With the refunding the Prior Bonds, there will be no outstanding indebtedness of the Wastewater System, other than the 2025 Bonds. Additional Parity Debt is anticipated in the future. For a description of the requirements for Parity Debt, see “SECURITY FOR THE 2025 BONDS – Parity Debt.”

Capital Improvement Program (CIP)

The City has adopted a comprehensive 5-year plan for capital improvement projects (“CIP”) for the Wastewater System. These are set forth in the following table, together with the expected sources of payment for the items in the CIP. *The following contains estimated projects and project costs, which may vary considerable from actual results.*

Table 8
Manteca Wastewater System
Wastewater Projects and Available Fund Sources
Fiscal Years 2025-26 through 2029-30

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Category 1					
PW Utility Building	\$2,000,000.00	\$4,000,000.00	\$4,000,000.00	--	--
Sewer Master Plan & Rate Study	268,059.00	--	--	--	\$1,000,000.00
Flow Split Repair - North Plant	1,188,778.00	740,000.00	--	--	--
IMLR Pump Replacement - Both Plants		1,745,000.00	--	--	--
	3,570,428.00				
Process Aeration Control - Both Plants	1,775,522.00	1,145,000.00	--	--	--
Zone B Mixing System - Both Plants	4,270,275.00	1,905,000.00	--	--	--
Dewatering (Centrifuge) Unit No. 3	3,800,000.00	4,000,000.00	--	--	--
Sludge Thickener (DAF) Unit No. 3	6,400,000.00	14,000,000.00	--	--	--
UV Disinfection System Upgrade	9,556,779.42	5,800,000.00	--	--	--
Side Stream Treatment	3,367,629.35	6,000,000.00	3,635,000.00	--	--
I&E Core Supervisory Control and Data Acquisition (SCADA) System	--	1,127,000.00	--	--	--
I&E Remote Site Process Logic Controller (PLC) Upgrades	--	1,727,000.00	--	--	--
I&E PLC and Operator Interfaced Terminal (OIT) Replacement	--	--	--	--	1,374,000.00
I&E Switchgear PLC Upgrades	--	--	127,000.00	200,000.00	--
Add Influent Pump No. 5	--	524,000.00	524,000.00	--	--
Lightweight Covers for Process Basins	--	2,896,000.00	2,896,000.00	--	--
Headworks, IPS and Biofilter Improvements	--	1,040,000.00	1,040,000.00	--	--
Replace Secondary Effluent Equalization Pond Liner	2,101,000.00	--	--	--	--
Headworks Screen No. 3	--	--	900,000.00	--	--
FOG Receiving Station Screening System	--	--	--	200,000.00	300,000.00
Bulk Ferric Chloride Solution Tanks	351,000.00	--	--	--	--
Digesters No. 1 and 2 Overflow Boxes	--	--	706,000.00	--	--
Digester Pressure Relief Valves Platform & Handrailing	205,000.00	150,000.00	--	--	--
Install New Waste Heat Radiator	198,000.00	150,000.00	--	--	--
WQCF Phase IV Stage 1 Expansion Project	--	5,000,000.00	13,005,000.00	33,325,250.00	33,325,250.00
Moffat Boulevard and Main Street	1,022,000.00	--	--	--	--
Oak Street from Main Street to Willow Avenue	98,000.00	300,000.00	--	--	--
Sequoia Avenue from Oregon Street to Alley north of Nevada Street	53,000.00	300,000.00	--	--	--
Tidewater Bike Path from Sandalwood Lane to Louis Avenue	--	--	348,000.00	--	--
Walnut Avenue from the alley north of Nevada Street to the UPRR	--	--	279,999.00	--	--
St. Dominic's Drive from north of Yosemite Avenue to Golf Course	29,000.00	--	--	--	--
Collection System Pretreatment (Nanno Bubble)	220,000.00	--	--	--	--
Engineering Building Expansion	150,000.00	--	--	--	--
Central Union Rd Trunk Extension (Central Sewer CIPP Liner)	4,500,000.00	500,000.00	--	--	--
Total CIP Budget (in current dollars)	\$45,124,470.77	\$2,049,000.00	\$27,460,999.00	\$33,725,250.00	\$35,999,250.00
Cumulative Projected Cost Escalation ⁽¹⁾	0.03	0.06	0.09	0.13	0.16
Resulting CIP Funding Level	\$46,478,204.89	\$65,827,784.10	\$30,007,375.05	\$37,958,065.99	\$41,732,997.22
Annual CIP Execution Percentage	1.00	1.00	1.00	1.00	1.00
Final CIP Funding Level	\$46,478,204.89	\$65,827,784.10	\$30,007,375.05	\$37,958,065.99	\$41,732,997.22

(1) CIP Escalation factors are consistent with the Engineering News Record Construction Cost Index.
Source: City of Manteca.

Historical and Projected 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 2025 Bonds (which excludes depreciation and other non-cash items).

Table 9
Wastewater 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
Gross Revenues									
Charges for services	\$16,715,397	\$17,227,968	\$17,906,253	\$18,903,676	\$24,028,876	\$27,165,313	\$29,597,015	\$32,246,791	\$35,134,199
Interjurisdictional contracts	1,545,096	2,189,892	1,974,385	2,599,214	1,770,000	1,770,000	1,770,000	1,770,000	1,770,000
Connection fee/capacity charge	7,929,030	6,602,236	7,578,670	9,019,865	4,669,470	4,669,470	4,669,470	4,669,470	4,669,470
Other operating revenue	1,212,327	777,760	1,886,628	995,430	476,900	488,642	500,736	513,193	526,024
Interest income	292,689	948,229	2,628,770	3,248,056	466,013	265,213	158,211	149,726	153,053
Total Gross Revenues	\$27,694,538	\$27,746,085	\$31,974,706	\$34,766,241	\$31,411,259	\$34,358,638	\$36,695,432	\$39,349,180	\$42,252,746
Maintenance and Operation Costs									
Personnel services	\$5,816,837	\$6,206,738	\$6,535,856	\$7,481,856	\$8,291,227	\$8,647,014	\$9,201,529	\$9,808,628	\$10,441,301
Contractual Services	1,303,973	1,856,551	1,949,054	2,168,036	2,233,077	2,300,069	2,369,071	2,440,144	2,513,348
Supplies and Other Expenses	2,797,036	1,948,222	3,102,925	3,319,634	3,419,223	3,521,800	3,627,454	3,736,278	3,848,366
Utilities	2,488,475	2,563,353	2,974,225	2,861,004	2,961,139	3,064,779	3,172,046	3,283,068	3,397,975
Repairs and Maintenance	824,073	1,092,920	1,159,081	1,267,303	1,330,668	1,397,202	1,467,062	1,540,415	1,617,435
Vehicle Maintenance and Operations	23,498	47,331	22,219	--	--	--	--	--	--
Interdepartmental	1,881,020	1,950,000	2,122,767	2,018,391	2,119,311	2,225,276	2,336,540	2,453,367	2,576,035
Insurance	299,000	519,700	708,565	892,187	918,953	946,521	974,917	1,004,164	1,034,289
Miscellaneous	178,944	200,798	272,626	278,714	287,075	295,688	304,558	313,695	323,106
Total M&O Costs	\$15,612,856	\$16,385,613	\$18,847,318	\$20,287,125	\$21,560,673	\$22,398,349	\$23,453,177	\$24,579,758	\$25,751,856
Net Revenues	\$12,081,682	\$11,360,472	\$13,127,387	\$14,479,115	\$9,850,586	\$11,960,289	\$13,242,255	\$14,769,422	\$16,500,890
Debt Service									
2009 Bonds	\$1,058,763	\$1,058,763	\$1,058,763	\$1,605,113	\$1,155,731	--	--	--	--
2012 Bonds	2,147,203	2,178,503	2,227,253	908,878	796,439	--	--	--	--
2025 Bonds*					1,241,938	\$3,705,375	3,706,875	3,704,875	3,704,250
2028 Bonds (Anticipated)*					--	--	--	2,462,000	2,462,000
Total Debt Service*	\$3,205,965	\$3,237,265	\$3,286,015	\$2,513,990	\$3,194,108	\$3,705,375	\$3,706,875	\$6,166,875	\$6,166,250
Debt Service Coverage Ratio*	3.77	3.51	3.99	5.76	3.08	3.23	3.57	2.39	2.68

* Preliminary; subject to change for projection period.
Source: City of Manteca.

Additional Information Regarding Projections. The table above reflects a number of assumptions regarding projected debt service coverage for Fiscal Years 2025-26 through 2029-30, including the following:

- _____ growth in connections during the projection period.
- Rate increases during the projection period consistent with the previously adopted 2025 Rate Study, which provides for increases of _____.
- Connection fee/capacity charge projected to be at 60% of the 4-year historical average
- Expenses, including personnel services and services & supplies, are projected to increase at _____ per fiscal year.
- In addition to the 2025 Bonds, approximately \$50.0 million of additional Parity Debt issued in 2028 at a projected interest rate of 4.85%.

With respect to capital costs associated with the Wastewater System, the City's current CIP identifies several projects for planning purposes. All future years' projects and their related funding require annual review and approval by the City Council and are therefore subject to change. The City records its infrastructure capital costs, including Wastewater System capital costs as capital assets. Because capital costs are not included in the definition of Maintenance and Operation Costs under the Indenture, they will not affect the availability of Net Revenues to make the Installments Payments. Should the City decide to finance any of these capital costs through the issuance of Parity Debt within the projection period, projected debt service coverage could decrease without a corresponding increase in rates.

BOND OWNERS' RISKS

The following describes certain special considerations and risk factors affecting the payment of and security for the 2025 Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of any 2025 Bonds and the order presented does not necessarily reflect the relative importance of the various risks. Potential investors in the 2025 Bonds are advised to consider the following special factors along with all other information in this Official Statement in evaluating the 2025 Bonds. There can be no assurance that other considerations will not materialize in the future.

Revenues; Rate Covenant

The Revenues securing the 2025 Bonds consist primarily of Installment Payments payable by the City, which, in turn, are secured by the Net Revenues of the Wastewater System. Net Revenues are dependent upon the demand for water usage and resulting wastewater service, which can be affected by population factors and more stringent wastewater regulations. There can be no assurance that wastewater service demand will be consistent with the levels contemplated in this Official Statement. A decrease in the demand for wastewater could require an increase in rates or charges in order to comply with the rate covenants contained in the Installment Sale Agreement. The City's ability to meet its rate covenants is dependent upon its capacity to increase rates without driving down demand to a level insufficient to meet debt service on the Installment Payments and Parity Debt.

No Debt Service Reserve Fund

Neither the Authority nor the City will fund a debt service reserve fund for the 2025 Bonds. If Net Revenues are insufficient for the City to pay the Installment Payments when due, no debt service reserve account funds will be available under the Installment Sale Agreement or Indenture for the City to make such payments.

Increased Maintenance and Operation Costs

There can be no assurance that expenses of the Wastewater 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 Installment Sale Agreement. Until such rates can be implemented, Net Revenues may be reduced, increasing the possibility of nonpayment of the Installment Payments and, in turn, the 2025 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 Wastewater System from fees and charges levied upon new development. The vast majority of these fees and charges have been used to pay for capital costs (including capacity increases) at the WQCF. As described in this Official Statement, additional capital improvements are anticipated to be made at the WQCF over the coming years, at a very high cost. See "FINANCING PLAN" and "THE WASTEWATER SYTEM – Capital Improvement Program." The City anticipates funding the vast majority 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 Wastewater System or that such costs will not increase in the future. Although debt service on the 2025 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 WQCF and the rest of the Wastewater 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 Installment Sale Agreement and to generate Net Revenues sufficient to pay principal of and interest on the Installment Payments and Parity Debt may be adversely affected by actions and events outside of the control of the City, and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. Furthermore, any remedies available to the owners of the 2025 Bonds upon the occurrence of an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on Bondholder remedies contained in the Indenture, the rights and obligations of the Authority under the Indenture may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Seismic and other Natural Disasters

Like all of California, land in the City may be subject to unpredictable seismic activity. Although not located in the highest risk areas of the State, 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 Wastewater System, resulting in a temporary reduction in the amount of Net Revenues available to timely pay the Installment Payments.

Other natural disasters, such as flooding, landslides or wildfires, could also affect or interrupt the service provided by the Wastewater System, resulting in a temporary reduction in the amount of Net Revenues available to timely pay the Installment Payments.

California is subject to droughts from time-to-time. In recent years, 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 wastewater flows as well. Drought conditions may inhibit or slow-down the current pace of growth of homebuilding activities in the City, and accordingly PFIP and Capacity Fees, which is a large source of revenues to the Wastewater System.

Loss of Tax-Exemption

As discussed under the caption “TAX MATTERS,” interest on the 2025 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the 2025 Bonds were issued, as a result of future acts or omissions of the Authority or City in violation of its covenants in the Installment Sale Agreement and Indenture. Should such an event of taxability occur, the 2025 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 wastewater services, which are based on the amount of services consumed, would not be considered property-related fees and charges, and thus not subject to the requirements of Article XIID. However, numerous subsequent court cases have held that certain types of water and wastewater charges could be subject to the requirements of Proposition 218. These cases include, for example, *Capistrano Taxpayers Assoc., Inc. v. City of San Juan Capistrano* (186 Cal. Rptr. 3d 362 (Cal. App. 4th Distr. 2015)), *Bighorn-Desert View Water Agency v. Verjil* (46 Cal. Rptr. 3d 73 (Cal. 2006)), and *Howard Jarvis Taxpayers Assoc. v. City of Fresno* (26 Cal. Rptr. 3d 153 (Cal. App. 5th Distr. 2005)).

Under the *Bighorn* case, for example, the court held that under Article 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 Installment Payments securing the 2025 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 wastewater 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 Installment Payments securing the 2025 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 wastewater, or to call into question previously adopted wastewater rate increases.***

Environmental Regulation

The kind and degree of wastewater 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 Wastewater System and the Treatment Facility 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 Wastewater System and the Treatment

Facility, the City's expenses related to the Wastewater System could increase accordingly and rates and charges would have to be increased to offset those expenses. See "– Maintenance and Operation Costs; Costs of Treatment Facility" above.

It is not possible to predict the direction which federal or State regulation will take with respect to wastewater 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 Wastewater System, or the administration of the 2025 Bonds.

The City is also reliant on other entities and service providers in connection with the operation of the Wastewater System and the administration of the 2025 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 2025 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 Wastewater 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 Wastewater System payment dates will not be deferred in the future, which may cause a delay in the receipt of rate revenues. In addition, home values may be affected by a reduction in demand stemming from personal finances, or general widespread economic circumstances resulting from pandemic diseases.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the 2025 Bonds or, if a secondary market exists, that any 2025 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 2025 BONDS – Parity Debt” above, the Installment Sale Agreement permits the City to issue Parity Debt in the future that is payable on a parity with the payment of the Installment Payments securing the 2025 Bonds. In the event of a decline in Net Revenues available to pay the Installment Payments securing the 2025 Bonds, the existence of additional Parity Debt could adversely affect the City’s ability to timely pay the Installment Payments securing the 2025 Bonds.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2025 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 2025 Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the Authority and the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the “**Tax Code**”) that must be satisfied subsequent to the issuance of the 2025 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Authority and City have made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2025 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2025 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 2025 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 2025 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 2025 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2025 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2025 Bonds who purchase the 2025 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2025 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2025 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 2025 Bonds is sold to the public.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the 2025 Bond (said term being the shorter of the 2025 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 2025 Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2025 Bond is amortized each year over the term to maturity of the 2025 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 2025 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 2025 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2025 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 2025 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 2025 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 2025 Bonds, or as to the consequences of owning or receiving interest on the 2025 Bonds, as of any future date. Prospective purchasers of the 2025 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 2025 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2025 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 2025 Bonds, the ownership, sale or disposition of the 2025 Bonds, or the amount, accrual or receipt of interest on the 2025 Bonds.

CERTAIN LEGAL MATTERS

Jones Hall LLP, as Bond Counsel, will render an opinion with respect to the validity of the 2025 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 2025 Bonds.

NO LITIGATION

No litigation is pending or threatened concerning the validity of the 2025 Bonds. Neither the Authority nor the City is aware of any litigation pending or threatened questioning the political existence of the Authority or the City or contesting the City's power to fix wastewater rates and charges, or the power of the governing body of the Authority or the City Council or in any way questioning or affecting: (i) the proceedings under which the 2025 Bonds are to be issued; (ii) the validity of any provision of the 2025 Bonds, the Installment Sale Agreement or the Indenture; (iii) the pledge of Net Revenues under the Installment Sale Agreement or the pledge of Revenues under the Indenture; or (iv) the titles to office of the present members of the governing body of the Authority or the City Council.

There are a number of suits and claims pending against the City, which may include personal injury, wrongful death and other suits and claims against which the City may self-insure. The aggregate amount of the self-insured liabilities of the City which may result from such suits and claims will not, in the opinion of the City, materially impair the ability of the City to pay the Installment Payments securing the 2025 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 2025 Bonds. This rating reflects only the views of S&P, and an explanation of the significance of this rating, and any outlook assigned to or associated with this rating, should be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Authority has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement). There is no assurance that this rating will continue for any given period of time or that this rating will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of any rating on the 2025 Bonds may have an adverse effect on the market price or marketability of the 2025 Bonds.

CONTINUING DISCLOSURE

The City will covenant for the benefit of owners of the 2025 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, 2026, with the report for the 2024-25 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 its audited financial statements for Fiscal Year 2022-23 and failed to file in a timely manner its audited financial statements and annual reports for Fiscal Years 2018-19 through 2022-23 with respect to certain water bonds and sewer bonds. The audited financial statements for Fiscal Year 2021-22, Fiscal Year 2020-21, Fiscal Year 2019-20 and Fiscal Year 2018-19 were filed approximately 1 to 2.5 years after their respective filing due dates, and the Fiscal Year 2018-19 audited financial statements were not filed for certain tax allocation bonds. The annual reports for Fiscal Year 2022-23 and Fiscal Year 2021-22 were not filed for certain water and sewer bonds and the annual reports for Fiscal Year 2020-21, Fiscal Year 2019-20 and Fiscal Year 2018-19 were not timely filed for certain water bonds, sewer bonds and tax allocation bonds. The annual reports filed for Fiscal Year 2020-21, Fiscal Year 2019-20, and Fiscal Year 2018-19 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 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 City staff turnover responsible for continuing disclosure compliance. The City has endeavored to update its continuing disclosure filings, and there is new City staff (including a new Finance Director, appointed in September 2023, and a new Accounting Manager, appointed in May 2023) that is responsible for overseeing the City's continuing disclosure compliance going forward.

For Fiscal Year 2024-25 and onward, the City anticipates completing its audited financial statements and filing its annual reports in a timely manner.

The City retains Urban Futures, Inc. to serve as dissemination agent with respect to the filings to be made with respect to the 2025 Bonds and its other undertakings under the Rule.

UNDERWRITING

Ramirez & Co., Inc., as underwriter of the 2025 Bonds (the "**Underwriter**"), has agreed to purchase the 2025 Bonds from the Authority at a purchase price of \$_____ which represents the aggregate principal amount of the 2025 Bonds, plus/less [net] original issue premium/discount of \$_____, less underwriter's discount of \$_____.

The purchase contract under which the Underwriter is purchasing the 2025 Bonds provides that the Underwriter will purchase all of the 2025 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 2025 Bonds may be changed from time to time by the Underwriter. The Underwriter may offer and sell the 2025 Bonds to certain dealers and others at a price lower than the offering price stated on the cover page of this Official Statement.

MUNICIPAL ADVISOR

The Authority has retained Urban Futures, Inc., as its municipal advisor (the “**Municipal Advisor**”) in connection with the authorization and delivery of the 2025 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 2025 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

EXECUTION

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

MANTECA FINANCING AUTHORITY

By: _____
Chief Administrative Officer

CITY OF MANTECA

By: _____
City Manager

APPENDIX A

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE CITY
FOR FISCAL YEAR ENDED JUNE 30, 2024**

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____
Manteca Financing Authority
2025 Wastewater Revenue 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 “**2025 Bonds**”). The 2025 Bonds are being issued by the Manteca Financing Authority (the “**Authority**”) under an Indenture of Trust dated as of November 1, 2025 (the “**Indenture**”) by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”). The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the 2025 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 Authority and the City in connection with the issuance of the 2025 Bonds.

“*Participating Underwriter*” means any original underwriter of the 2025 Bonds required to comply with the Rule in connection with offering of the 2025 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, 2026, with the report for the 2024-25 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

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

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

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

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

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

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

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

(i) Number and type of connections for the most recently ended fiscal year, in substantially the form of Table 1;

(ii) Wastewater System top ten customers for the most recently ended fiscal year, in substantially the form of Table 4;

(iii) A schedule of wastewater rates in effect as of the close of the preceding fiscal year, in substantially the form of Table 5; and

(iv) A table showing Gross Revenues, Maintenance and Operations Costs, Net Revenues and debt service coverage for the most recently ended fiscal year, in substantially the form of Table 9 (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 2025 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 2025 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 2025 Bonds. If such termination occurs prior to the final maturity of the 2025 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 Willdan Financial Services.

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 2025 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 2025 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 2025 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 2025 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 2025 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 2025 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: _____, 2025

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 2025 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
Manteca	84,800	86,836	88,882	92,116	93,733
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 7.2 percent in July 2025, up from a revised 7.0 percent in June 2025, and above the year-ago estimate of 6.9 percent. This compares with an unadjusted unemployment rate of 6.1 percent for California and 4.6 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 ⁽¹⁾	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> ⁽²⁾					
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 ⁽³⁾	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

Employer	Number of Employees
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>
Total	6,497

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

Major Employers

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

SAN JOAQUIN COUNTY Major Employers As of September 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 1st Edition.

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the City, the County, the State and the United States for the period 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**

Year	Area	Total Effective Buying Income (000s' Omitted)	Median Household Effective Buying Income
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)

	2019	2020	2021	2022	2023
<u>Permit Valuation:</u>					
New Single-family	\$174,239.4	\$199,291.6	\$248,446.4	\$390,392.4	\$285,962.6
New Multi-family	0.0	0.0	13,590.0	15,727.0	0.0
Res. Alterations/Additions	<u>4,324.3</u>	<u>2,128.9</u>	<u>3,569.4</u>	<u>9,421.7</u>	<u>7,111.1</u>
Total Residential	178,563.7	201,420.5	265,605.8	415,541.1	293,073.7
New Commercial	57,885.5	12,953.8	30,464.9	12,321.7	53,813.5
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	24,701.8	12,307.0	15,979.3	15,255.9	13,107.5
Com. Alterations/Additions	<u>98,285.7</u>	<u>1,975.3</u>	<u>2,028.4</u>	<u>5,404.4</u>	<u>11,439.6</u>
Total Nonresidential	180,873.0	27,236.1	48,472.6	32,982.0	78,360.6
<u>New Dwelling Units:</u>					
Single Family	537	609	729	821	690
Multiple Family	<u>0</u>	<u>0</u>	<u>20</u>	<u>106</u>	<u>0</u>
TOTAL	537	609	749	927	690

Source: Construction Industry Research Board, Building Permit Summary.

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

	2019	2020	2021	2022	2023
<u>Permit Valuation:</u>					
New Single-family	\$843,700.9	\$870,859.6	\$1,179,358.0	\$1,281,631.4	\$851,675.9
New Multi-family	57,271.1	38,411.8	69,775.2	88,457.7	75,802.5
Res. Alterations/Additions	<u>98,681.9</u>	<u>40,144.4</u>	<u>108,647.1</u>	<u>182,338.5</u>	<u>55,378.0</u>
Total Residential	999,653.9	949,415.8	1,357,780.3	1,552,427.6	982,856.4
New Commercial	380,383.3	255,761.2	272,617.0	641,696.7	199,112.8
New Industrial	120,003.8	534,199.5	43,401.3	249,274.2	13,931.0
New Other	61,991.7	33,112.3	58,264.9	107,863.0	76,524.2
Com. Alterations/Additions	<u>363,841.0</u>	<u>135,285.4</u>	<u>272,064.7</u>	<u>450,649.8</u>	<u>193,151.2</u>
Total Nonresidential	926,219.8	958,358.4	646,347.9	1,449,483.7	482,719.2
<u>New Dwelling Units</u>					
Single Family	2,564	2,843	3,665	3,168	2,147
Multiple Family	<u>461</u>	<u>245</u>	<u>178</u>	<u>338</u>	<u>605</u>
TOTAL	3,025	3,088	3,843	3,506	2,752

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Manteca Financing Authority
1001 W Center Street
Manteca, California 95337

OPINION: \$_____ Manteca Financing Authority
 2025 Wastewater Revenue Bonds

Members of the Authority:

We have acted as bond counsel to the Manteca Financing Authority (the “Authority”) in connection with the issuance by the Authority of its Manteca Financing Authority 2025 Wastewater Revenue Bonds in the aggregate principal amount of \$_____ (the “Bonds”), under an Indenture of Trust dated as of November 1, 2025 (the “Indenture”), between the Authority and U.S. Bank Trust Company, National Association, as trustee, and under the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the “Bond Law”). The Bonds are secured by Revenues as such term is defined in the Indenture, including installment payments (the “Installment Payments”) made by the City of Manteca (the “City”) under an Installment Sale Agreement dated as of November 1, 2025 (the “Installment Sale Agreement”) between the Authority and the City.

We have examined such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Authority and the City contained in the Indenture, the Installment Sale Agreement and in the certified proceedings, and upon other certifications furnished to us, without undertaking to verify the same by independent investigation.

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

1. The Authority is a joint powers agency duly organized and existing under the laws of the State of California, with power to enter into the Indenture, to perform the agreements on its part contained therein and to issue the Bonds.
2. The Bonds have been duly issued by the Authority and constitute legal, valid and binding special obligations of the Authority enforceable in accordance with their terms.
3. The Indenture and the Installment Sale Agreement have been duly authorized, executed and delivered by the Authority and constitute legal, valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms.

4. The Indenture establishes a valid lien on and security interest in the Revenues and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Indenture.

5. The City is a municipal corporation duly organized and existing under the laws of the State of California, with power to enter into the Installment Sale Agreement and to perform the agreements on its part contained therein. The Installment Sale Agreement has been duly approved by the City and constitutes a legal, valid and binding obligation of the City enforceable against the City in accordance with its terms. The Installment Sale Agreement establishes a valid lien on and security interest in the Net Revenues of the Wastewater System and other funds pledged thereby for the security of the Installment Payments, in accordance with the terms of the Installment Sale Agreement.

6. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the Authority and the City comply with all requirements of the Internal Revenue Code of 1986, as amended, which must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Authority and the City have covenanted in the Indenture, the Installment Sale Agreement and in other instruments relating to the Bonds to comply with each of such requirements, and the Authority and the City have full legal authority to make and comply with such covenants. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

7. Interest on the Bonds is exempt from California personal income taxation.

Interest on the Bonds may be subject to the corporate alternative minimum tax. We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture and the Installment Sale Agreement may be subject to bankruptcy, insolvency, 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 _____. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

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

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

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

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

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

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

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

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

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

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