
**LIVERMORE-AMADOR VALLEY
WATER MANAGEMENT AGENCY**

SEWER SERVICE CONTRACT

Dated as of March 1, 2001

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This Sewer Service Contract, dated as of March 1, 2001, by and among the Livermore-Amador Valley Water Management Agency ("LAVWMA"), the City of Livermore ("Livermore"), the City of Pleasanton ("Pleasanton"), and the Dublin San Ramon Services District ("District");

WITNESSETH

WHEREAS, LAVWMA has determined to acquire and construct facilities for the disposal or reuse of Wastewater from the Livermore-Amador Valley in order to carry out the purposes for which it was established;

WHEREAS, LAVWMA has determined to finance the cost of the acquisition and construction of such facilities by the issuance of its revenue bonds, as authorized by law;

WHEREAS, in order to proceed with such financing, LAVWMA requires Livermore, Pleasanton and the District (the "Members") to agree to pay certain minimum payments for Sewer Service to be provided by LAVWMA; and

WHEREAS, the Members recognize that it is in the public interest and necessity and will promote the public health, safety and welfare for LAVWMA to provide such Sewer Service;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes of this Contract have the meanings herein specified. Any term capitalized herein and not defined below shall have the meaning given to said term in the Indenture.

"Actual Rate Stabilization Fund Draw" means, for any period of computation, the actual amounts taken from the Rate Stabilization Fund to pay Expansion Project Debt Service pursuant to Section 4.08 or Section 5.7 of the Installment Sale Agreement.

"Actual Fixed Costs" means, for any Fiscal Year, the actual Fixed Costs for such Fiscal Year as stated in the annual audited financial statement for the Enterprise prepared and submitted to Members in accordance with Section 3.08(b).

"Actual Flow" means, for any given period for any Member, the total number of Gallons of Wastewater delivered to the Enterprise during such period from such Member. The Actual Flow for Livermore shall be the amount of Wastewater delivered by Livermore to the Enterprise. The Actual Flow for Pleasanton shall be an amount measured by the amount of raw sewage delivered from Pleasanton to the District's treatment plant or equal to the amount of Wastewater delivered by Pleasanton to the Enterprise, after adjusting for recycled wastewater as noted below, or any combination of the preceding methods of delivery which provides for measurement of all of Pleasanton's flows into the Enterprise. The Actual Flow for the District shall be the difference between the amount of Wastewater delivered from the District's treatment plant to the Enterprise and the amount of the Actual Flow for Pleasanton received at the District's treatment plant, after adjusting for recycled wastewater at the District's Treatment Plant that is not delivered to the Enterprise.

"Actual Variable LAVWMA Maintenance and Operation Costs" means, for any Fiscal Year for any given facilities of the Enterprise, the actual Variable LAVWMA Maintenance and Operation Costs for such Fiscal Year for such facilities as stated in the annual audited financial statement for the Enterprise prepared and submitted to Members in accordance with Section 3.08(b).

"Bond Insurer" means any financial institution which has issued a municipal bond insurance policy or letter of credit guaranteeing the payment of principal of and interest on one or more series of Bonds.

"Bonds" means the Series A Bonds, the Series B Bonds and any Parity Bonds, as defined in the Indenture.

"Bond Redemptions" means funds sent by the District to the Trustee from draws on the Rate Stabilization Fund in addition to Debt Service accompanied by irrevocable instructions to the Trustee that such funds are to be applied to the redemption of Expansion Project Bonds and Expansion Project Treatment Plant Bonds in accordance with the optional redemption provisions of the Indenture, any Parity Bonds Instrument and the Trust Agreement.

"Budgeted Fixed Costs" means, for any given period, the estimated Fixed Costs for such period as stated in the annual budget for the Enterprise prepared and submitted to Members in accordance with Section 3.07.

"Budgeted Variable LAVWMA Maintenance and Operation Costs" means, for any given period for any given facilities of the Enterprise, the estimated Variable LAVWMA Maintenance and Operation Costs for such period for such facilities as stated in the annual budget for the Enterprise prepared and submitted to Members in accordance with Section 3.07.

"Charges" means fees, connection fees (excluding Regional Connection Fees), tolls, assessments, rates and charges, including User Charges and Regional User Charges, prescribed and collected by the legislative bodies of the Members for the services and facilities of the respective Sewer Systems furnished by the Members within their respective jurisdictions.

"Continuing Disclosure Certificates" means those certain Continuing Disclosure Certificates executed by LAVWMA and each of the Members and dated the date of original execution and delivery of the Series A Bonds, as originally executed and as they may be amended from time to time in accordance with the terms thereof.

"Contract" means this contract, dated as of March 1, 2001, made and entered into by and between LAVWMA, Livermore, Pleasanton and the District.

"Debt Service" means, for any period of computation (the "Computation Period"), the sum of (1) the interest accruing on all Bonds during such Computation Period, assuming that all Bonds are retired as scheduled, plus (2) the principal amount (including principal due as sinking fund installment payments) allocable to all Bonds in such Computation Period, calculated as if such principal amounts were deemed to accrue daily during such Computation Period in equal amounts from, in each case, each payment date for principal or the date of delivery of such Bonds (provided that principal shall not be deemed to accrue for greater than a 365-day period prior to any payment date), as the case may be, to the next succeeding payment date for principal; provided, that the following adjustments shall be made to the foregoing amounts in the calculation of Debt Service:

(A) with respect to any such Bonds bearing or comprising interest at other than a fixed interest rate, the rate of interest used to calculate Debt Service shall be (i) with respect to such Bonds then outstanding, one hundred ten percent (110%) of the greater of (1) the daily average interest rate on such Bonds during the twelve (12) calendar months next preceding the date of such calculation (or the portion of the then current Computation Period that such Bonds has borne interest) or (2) the most recent effective interest rate on such Bonds prior to the date of such calculation and (ii) with respect to such Bonds then proposed to be issued, the average of the Revenue Bond Index for the prior 12 months published in *The Bond Buyer* (or a comparable index if such index is no longer published);

(B) with respect to any such Bonds having twenty percent (20%) or more of the aggregate principal amount thereof due in any one Computation Period, Debt Service shall be calculated for the Computation Period of determination as if the interest on and principal of such Bonds were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of thirty (30) years from the date of such Bonds; provided, however, that the full amount of such Bonds shall be included in Debt Service if the date of calculation is within 24 months of the actual maturity of the payment;

(C) with respect to any such Bonds or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Bonds or portions thereof, such accreted discount shall be treated as due when scheduled to be paid;

(D) Debt Service shall not include interest on Bonds which is to be paid from amounts constituting capitalized interest; and

(E) if an interest rate swap agreement is in effect with respect to, and is payable on a parity with, any Bonds to which it relates, no amounts payable under such interest rate swap in excess of debt service payable under such Parity Bonds Instrument shall be included in the calculation of Debt Service unless the sum of (i) the interest payable on such Bonds, plus (ii) the amounts payable by LAVWMA or the Member under such interest rate swap agreement, less (iii) the amounts receivable by LAVWMA or the Member under such interest rate swap agreement, are greater than the interest payable on such Bonds, in which case the amount of such payments to be made that exceed the interest to be paid on such Bonds shall be included in such calculation, and for this purpose, the variable amount under any such interest rate swap agreement shall be determined in accordance with the procedure set forth in subparagraph (A) of this definition.

"Discharged" means that the Bonds shall be paid and discharged in any one or more of the following ways:

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

(b) by depositing with the trustee for the Bonds or any other fiduciary, under an escrow deposit and trust agreement, security for the payment of the Bonds selected for prepayment, said security to be held by the trustee for such Bonds to be applied by the trustee for the Bonds or by such other fiduciary to pay or prepay such Bonds as the same become due.

"District" means the Dublin San Ramon Services District, a community services district duly organized and existing under and pursuant to the Community Services District Law, being Title 5, Division 3 (Sections 61000 *et seq.*) of the Government Code of the State of California, and formerly known as Valley Community Services District.

"Dual Use Facilities" means those facilities of the Enterprise which are utilized by only two of the Members. The Dual Use Facilities for Pleasanton and the District comprise the interceptor from the District's treatment plant to the Joint Use Facilities.

"EBDA" means the East Bay Dischargers Authority, a public entity and agency duly organized and existing under and pursuant to Title 1, Division 7, Chapter 5, Article 1 (Sections 6500 *et seq.*) of the Government Code of the State of California and that certain First Amended Joint Exercise of Powers Agreement, dated as of January 1, 1978, made and entered into by and between the City of Hayward, the City of San Leandro, Oro Loma Sanitary District, Castro Valley Sanitary District, and Union Sanitary District, amending that certain Joint Exercise of Powers Agreement, dated as of February 15, 1974, made and entered into by and between such parties.

"Enterprise" means facilities for the disposal or reuse of Wastewater from the Livermore-Amador Valley acquired and constructed with the proceeds of the 1978 Bonds, comprising an export pump station and pipeline and capacity in the EBDA Interceptor, together with necessary pipes, pumps, valves and machinery and lands, easements and rights of way therefor; and other works, properties or structures necessary or convenient for the disposal or reuse of Wastewater from the Livermore Amador Valley, including all additions, betterments, extensions and improvements to such facilities or any part thereof thereafter made, including in particular the Export Pipeline Facilities Project.

"Estimated Flow" means, for any given period for any Member, the total number of Gallons of Wastewater to be delivered to the Enterprise during such period from such Member, as estimated by LAVWMA pursuant to Section 4.02.

"Expansion Project" means (i) the LAVWMA Expansion Project, and (ii) the Treatment Plant Expansion Project.

"Expansion Project Bonds" means Bonds, the proceeds of which will be or have been applied to the acquisition and construction of the Expansion Project, determined in accordance with Section 4.07.

"Expansion Project Debt Service" means, for any period, the aggregate of Debt Service due in such period on: (i) Expansion Project Bonds; and (ii) Expansion Project Treatment Plant Bonds.

"Expansion Project Treatment Plant Bonds" means the portion of the Treatment Plant Bonds issued by the District to finance the cost of the Treatment Plant Expansion Project.

"Financing Implementation Agreement" means that certain Financing Implementation Agreement, dated as of May 1, 2000, between the District and Pleasanton.

"Fiscal Year" means the period commencing on July 1 of each year and terminating on the next succeeding June 30, or any other annual accounting period prescribed by law for general law cities in the State of California.

"Fixed Costs" means, for any given period, the sum of the following amounts:

(1) amounts required by Section 4.03(2) of the Indenture to be deposited during such period into the Debt Service Fund established and maintained in accordance with said section;

(2) amounts required by Section 4.03(3) of the Indenture to be deposited during such period into the Reserve Account established and maintained in accordance with said section;

(3) amounts to be deposited during such period into the Sole-Use, Dual-Use and Joint-Use Replacement Funds established and maintained in accordance with Board policy;

(4) all Fixed LAVWMA Maintenance and Operation Costs.

"Fixed Cost Allocation" means, when used with respect to Debt Service, for Livermore and the District, the percentages for such Member specified by Section 4.01(a); and when used with respect to Fixed Maintenance and Operations Costs, the percentage for the Members specified by Section 4.01(b).

"Fixed Maintenance and Operations Costs" means Maintenance and Operations Costs which are not Variable Maintenance and Operations Costs.

"Gallon" means 231 cubic inches (one U.S. standard gallon).

"Gross Revenues", when used with respect to a Member's Sewer System, means, for any period of computation, all amounts received for, and all other income and revenues derived by such Member from, the ownership or operation of its Sewer System, or otherwise arising from such Sewer System during such period, including but not limited to (a) all Charges, (b) all receipts derived from the investment of Sewer System funds held by such Member (excluding the Rate Stabilization Fund), and (c) all moneys received by such Member in connection with its Sewer System, exclusive of Regional Connection Fees.

"Indenture" means that certain Indenture of Trust, dated as of March 1, 2001, between LAVWMA and BNY Western Trust Company, as Trustee, under which the Series A Bonds are being issued.

"Installment Sale Agreement" means that certain Installment Sale Agreement, dated as of July 1, 2000, between the District and the DSRSD Financing Corporation, relating to \$55,000,000 Variable Rate Demand Sewer Revenue Certificates of Participation, Series 2000.

"Joint Powers Agreement" means that certain agreement, dated September 10, 1997, entitled "Amended and Restated Joint Exercise of Powers Agreement for the Livermore-Amador Valley Water Management Agency" and entered into by and among Livermore, Pleasanton and the District.

"Joint Use Facilities" means those facilities of the Enterprise which are utilized by or beneficial to all Members, comprising LAVWMA's junction structure, regulating reservoirs, export pump station, export pipeline, metering and sampling station, and capacity in the EBDA interceptor.

"LAVWMA" means the Livermore-Amador Valley Water Management Agency, a public entity and agency duly organized and existing under and pursuant to Title 1, Division 7, Chapter 5, Article 1 (Section 6500 *et seq.*) of the Government Code of the State of California and the Joint Powers Agreement, and its successors and assigns.

"LAVWMA Expansion Project" means the portion of the Project comprised of the Export Pipeline Expansion Project, more particularly described in the Engineer's Report, prepared by Brown & Caldwell, entitled Livermore Amador Valley Water Management Agency Export Pipeline Facilities Project, and dated February 22, 2001.

"LAVWMA's Maintenance and Operation Costs" means, for any given period for any given facilities of the Enterprise, the reasonable and necessary costs of maintaining and operating such facilities during such period, calculated on sound accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve such facilities in good repair and working order, and reasonable amounts for administration, overhead, insurance, taxes (if any) and other similar costs, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor, debt service, amortization of intangibles or other book-keeping entries of a similar nature, and costs paid out of the Sole-Use, Dual-Use and Joint-Use Replacement Funds.

"Livermore" means the City of Livermore, a municipal corporation duly organized and existing under and pursuant to the Constitution and laws of the State of California.

"Maintenance and Operation Costs", when used with respect to a Member's Sewer System, means, for any given period for any given facilities of such Member's Sewer System, the reasonable and necessary costs of maintaining and operating such facilities during such period, calculated on sound accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve such facilities in good repair and working order, and reasonable amounts for administration, overhead, insurance, taxes (if any) and other similar costs, but **excluding** in all cases depreciation, replacement and obsolescence charges or reserves therefor, debt service (including amounts paid by or on behalf of a Member under Section 4.01(a)), amortization of intangibles or other book-keeping entries of a similar nature.

"Maximum Annual Expansion Project Debt Service" means, as of the date of any calculation and with respect to Expansion Project Debt Service, the maximum amount of Expansion Project Debt Service for the current or any future fiscal year during the term of this Contract and the Bonds.

"Member" means Livermore, Pleasanton or the District. **"Members"** means Livermore, Pleasanton and the District.

"Net Revenues" means, for each Member, such Member's Gross Revenues, less such Member's Maintenance and Operation Costs, less such Member's share of LAVWMA's Maintenance and Operation Costs, whether paid directly by such Member or, as in the case of Pleasanton, paid for Pleasanton by the District.

"1978 Bonds" means the revenue bonds issued by LAVWMA in 1978 in the principal amount of \$4,200,000, pursuant to Resolution No. 77-10, adopted by the Board of Directors of LAVWMA on May 31, 1977.

"Obligations" means bonds, notes, installment sale agreements or other obligations issued or to be issued by the Members, the proceeds of which are applied to finance or refinance improvements or repair to their respective Sewer Systems, and payable from Charges, including specifically the Treatment Plant Bonds.

"Parity Bonds" has the meaning given to said term in the Indenture.

"Participating Underwriter" has the meaning ascribed thereto in the Continuing Disclosure Certificate.

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

"Project" means the Export Pipeline Facilities Project, as described in that certain engineer's report, prepared by Brown & Caldwell, dated September, 2000, and entitled "Livermore Amador Valley Water Management Agency Export Pipeline Facilities Project."

"Rate Covenant Debt Service" means: (1) Debt Service on the Bonds; plus (2) Debt Service on the Treatment Plant Bonds; less the sum of: (1) amounts payable by Livermore under Section 4.01(a)(i); and (2) the Actual Rate Stabilization Fund Draw.

"Rate Stabilization Fund" means the fund by that name created and held by the District pursuant to Section 5.7 of the Installment Sale Agreement.

"Regional Agreement" means that certain Agreement for Wastewater Disposal Services," dated November 3, 1992, between the District and Pleasanton, as supplemented by: (i) the First Supplemental Agreement to Agreement for Wastewater Disposal Services, dated September 2, 1997; (ii) the Financing Implementation Agreement; (iii) the Second Supplemental Agreement to Agreement for Wastewater Disposal Services, dated December 1, 2000; and (iv) Section 4.09 of this Contract, and as further amended from time to time.

"Regional Connection Fees" means the connection fees described in Section 10(a) of the Regional Agreement, whether levied and collected by Pleasanton or the District.

"Regional Facilities" has the meaning given to said term in the Regional Agreement.

"Regional Service Charges" means the service charges described in Section 10(b) of the Regional Agreement, whether levied and collected by Pleasanton or the District.

"Rehabilitation Project" means the portion of the Project comprised of the Export Pipeline Rehabilitation Project, as more particularly described in the Engineer's Report, prepared by Brown and Caldwell, entitled "Livermore Amador Valley Water Management Agency Export Pipeline Facilities Project Engineer's Finance Report," and dated September, 2000.

"Rehabilitation Project Bonds" means Bonds, the proceeds of which will be or have been applied to the acquisition and construction of the Rehabilitation Project, determined in accordance with Section 4.07.

"Series A Bonds" means the revenue bonds issued by LAVWMA in the principal amount of \$142,385,000 under the Indenture to finance the Project.

"Series B Bonds" means one or more series of Bonds to be issued by LAVWMA pursuant to Section 3.07 of the Indenture to complete the Project, whether designated "Series B," "Series C" or in some other manner.

"Sewer Service" means the service provided by LAVWMA to the Members for the disposal or reuse of Wastewater provided by the Enterprise, as specified herein.

"Sewer System" means, for each Member, facilities of such Member for the collection, treatment, disposal or reuse of wastewater within its jurisdiction, together with necessary pipes, pumps, valves and machinery and lands, easements and rights of way therefor; and other works, properties or structures necessary or convenient for the collection, treatment, disposal or reuse of wastewater within its jurisdiction, including all additions, betterments, extensions and improvements to such facilities or any part thereof thereafter made.

"Sole Use Facilities" means those facilities of the Enterprise which are utilized by only one of the Members. The Sole Use Facilities for Livermore comprise the Livermore peaking ponds and the interceptor from the Livermore treatment plant to the Joint Use Facilities.

"Target Level" means, with respect to amounts on deposit in the Rate Stabilization Fund, an amount equal to two times (2.0x) Maximum Annual Expansion Project Debt Service.

"Treatment Plant" means the District's sanitary sewerage treatment facilities located at 7399 Johnson Drive, Pleasanton, CA 94588, including the land and improvements thereon and appurtenances thereto, and sludge disposal facilities and appurtenances thereto in the vicinity of said treatment facilities.

"Treatment Plant Bonds" means the District's \$55,000,000 Variable Rate Demand Sewer Revenue Certificates of Participation, Series 2000, dated August 3, 2000.

"Treatment Plant Expansion Project" means the proposed expansion of the Treatment Plant that will increase its treatment capacity by at least 5.5 mgd ADWF (Average Dry Weather Flow), as more particularly described as "expansion" in Exhibit B to the Installment Sale Agreement.

"Treatment Plant Project" means the Treatment Plant Expansion Project and Treatment Plant Rehabilitation Project.

"Treatment Plant Rehabilitation Project" means the rehabilitation of the Treatment Plant, consisting generally of repairs and replacements to the Treatment Plant, as more particularly described as "replacement" in Exhibit B to the Installment Sale Agreement.

"Trust Agreement" means the Trust Agreement, dated as of July 1, 2000, among the Trustee, the District and DSRSD Financing Corporation, under which the Treatment Plant Bonds were executed and delivered.

"User Charges" means Charges levied for use of a Member's Sewer System, exclusive of connection fees.

"Variable LAVWMA Maintenance and Operation Costs" means, for any given period for any given facilities of the Enterprise, those LAVWMA Maintenance and Operation Costs incurred during such period for energy used for pumping and for chemicals used in the treatment of Wastewater.

"Wastewater" means the effluent from the sewage treatment plants operated by Livermore and the District, acting for itself and Pleasanton.

ARTICLE II

TERM OF CONTRACT; CHARGES FOR SEWER SERVICE

Section 2.01. Term of Contract. The term of this Contract shall commence on the date of issue of the Series A Bonds, and shall end on the day all Bonds are paid or Discharged.

Section 2.02. Providing Sewer Service and Charges Therefor. LAVWMA has provided, and will continue to provide, Sewer Service to the Members. The Obligation of the Members to pay for Sewer Service shall continue so long as LAVWMA shall provide Sewer Service to the Members.

ARTICLE III

COVENANTS OF LAVWMA

Section 3.01. Acquisition and Construction of the Project. LAVWMA will commence, and will continue to completion with all practicable dispatch, the acquisition and construction of the Project, and such acquisition and construction shall be made and done in a sound, economical and expeditious manner and in conformity with law and so as to make the Project complete as soon as possible; provided, however, that LAVWMA will not enter into contracts for such acquisition and construction which will exceed the moneys available therefor from the proceeds of the Bonds and from other sources, such as federal and state grants and contributions from Members.

Section 3.02. Maintenance and Operation of the Enterprise; Right of Entry. LAVWMA shall maintain and preserve the Enterprise in good repair and working order at all times and shall operate the Enterprise in an efficient and economical manner. Each Member shall have the right to enter the Enterprise during reasonable business hours (and in emergencies at all times) to inspect the same, for any purpose connected with such Member's rights or obligations under this Contract and for all other lawful purposes.

Section 3.03. Acceptance of Wastewater.

(a) LAVWMA shall take, receive, and dispose of all Wastewater delivered to the Enterprise from each Member up to such Member's respective maximum Sewer Service requirement specified by subsection (b).

(b) The maximum Sewer Service required to be provided to each Member shall be as follows:

(1) for Livermore, an instantaneous rate of flow of 8.728 million gallons per day, as set forth in the Joint Powers Agreement; and

(2) for the District, for its own account and Pleasanton's, pursuant to the Regional Agreement, an instantaneous rate of flow of 32.472 million gallons per day, as set forth in the Joint Powers Agreement;

provided, however, that any two Members may at any time agree to apportion between themselves the total of their combined average daily Actual Flows as established above.

Section 3.04. Measuring and Recording Flow. LAVWMA shall continuously measure the amount of Wastewater received from Livermore and the amount of Wastewater received from the District's plant. The District shall continuously measure the amount of raw sewage transported from within its own territorial limits and from Pleasanton to the District's treatment plant. LAVWMA shall keep such records of such amounts of Wastewater as are necessary for all purposes of this Contract. The District shall keep and submit to LAVWMA in a timely fashion such records of such amounts of raw sewage as are necessary for all purposes of this Contract. Pleasanton shall have the right, during reasonable business hours (and in emergencies at all times), to inspect the District's and LAVWMA's records maintained pursuant to this section and to enter the District's property to inspect the recording devices measuring the raw sewage transported to the District's sewage treatment plant from Pleasanton and from the District's own territorial limits. Livermore and the District shall have the right, during reasonable business hours (and in emergencies at all times) to inspect LAVWMA's records maintained pursuant to this Section.

Section 3.05. Contract with EBDA. LAVWMA shall comply with all terms, covenants and provisions, express and implied, of its contract with EBDA, dated February 1, 1978, and the 1998 Interim Agreement to Provide Additional System Discharge Services Between East Bay Discharges Authority and Livermore-Amador Valley Water Management Agency, dated March 18, 1998, for the Disposal of Wastewater, and shall promptly and diligently enforce all its rights thereunder. LAVWMA shall not amend or terminate said contract in any way that would adversely affect the ability of LAVWMA to comply with any of the provisions of this Contract.

Section 3.06. Insurance. LAVWMA shall procure and maintain at all times during the term of this Contract such insurance as is required by Section 5.07 of the Indenture.

Section 3.07. Annual Budget. At least 90 days before the first day of each Fiscal Year, LAVWMA shall prepare and submit to each Member a draft budget setting forth the Budgeted Fixed Costs and the Budgeted Variable LAVWMA Maintenance and Operation Costs for such Fiscal Year. Each such budget shall separately set forth Variable LAVWMA Maintenance and Operation Costs for the Joint Use Facilities, for the Sole Use Facilities used by Livermore and for the Dual Use Facilities used by the District and Pleasanton. Once LAVWMA's Board has adopted a budget for the coming Fiscal Year, LAVWMA shall send each Member a copy of such adopted budget. Such budget shall be updated quarterly or as needed to reflect any material differences between actual interim results and budgeted results.

Section 3.08. Books and Accounts; Financial Statements.

(a) LAVWMA shall keep proper books of record and accounts of the Enterprise, separate from all other records and accounts of LAVWMA, in which complete and correct entries shall be made of all transactions relating to the Enterprise.

Such books of record and accounts shall at all times during business hours be subject to the inspection of any Member or any such Member's representative authorized in writing.

(b) LAVWMA shall prepare and submit to each Member annually within 120 days after the close of each Fiscal Year:

(1) an audited statement (prepared in accordance with generally accepted accounting principles, as prescribed by the American Institute of Certified Public Accountants or its successor) for the preceding Fiscal Year: (A) Actual Fixed Costs for such Fiscal Year, and (B) separately for the Joint Use Facilities, for the Sole Use Facilities used by Livermore and for the Dual Use Facilities used by Pleasanton and the District, Actual Variable LAVWMA Maintenance and Operation Costs for such Fiscal Year, and

(2) a detailed statement as to all insurance carried by LAVWMA as of the close of such Fiscal Year, including the names of the insurers which have issued the policies and the amounts thereof and the property or risks covered thereby (including liability risks).

ARTICLE IV

PAYMENT FOR SEWER SERVICE

Section 4.01. Fixed Cost Allocations. (a) The Fixed Cost Allocation for Debt Service for Livermore and the District shall be as follows:

(i) for Livermore: (1) thirty-nine and ninety-five hundredths percent (39.95%) of Debt Service on Rehabilitation Project Bonds; and (2) the percentage of Debt Service on Expansion Project Bonds Livermore agrees to pay, if and to the extent Livermore participates in the LAVWMA Expansion Project;

(ii) for the District, for itself and on behalf of Pleasanton, acting under the terms of the Regional Agreement, (1) sixty and five hundredths percent (60.05%) of Debt Service on Rehabilitation Project Bonds; and (2) one hundred percent (100%) of Debt Service on Expansion Project Bonds (which percentage may be modified if Livermore elects to participate in the LAVWMA Expansion Project).

(b) The Fixed Cost Allocation for Fixed LAVWMA Maintenance and Operation Costs shall be as follows:

(i) for Livermore, 22.48%;

(ii) for Pleasanton, 38.76%; and

(iii) for the District, 38.76%.

Provided, however, that the above percentages may be modified if Livermore elects to participate in the LAVWMA Expansion Project, and any two Members may at any time agree to apportion between themselves the total of their Fixed Cost Allocations as established above; subject to the following restrictions:

(1) to the extent the proposed modified percentages are within the following limits: for Livermore, 30.10%, for Pleasanton, 34.95% and for the District, 34.95%, then LAVWMA and the Members may amend this Contract to amend said percentages without the consent of any party; and

(2) to the extent the Members propose to modify the above percentages beyond the limits set forth in paragraph (1) above, said modification shall require (A) the consent of the insurer of the Bonds, if the Bonds are insured; or (B) a statement in writing from the Rating Agency then rating the Bonds that said proposed modification will not cause the rating then in effect on the Bonds to be lowered or withdrawn; or (C) the consent of the Owners of at least a majority in aggregate principal amount of Outstanding Bonds, if the Bonds are not then insured by a Bond Insurer or rated by a Rating Agency.

Section 4.02. Estimated Flows. Not less than 90 days before the beginning of each Fiscal Year, LAVWMA shall prepare and submit to each Member LAVWMA's best estimate of what such Member's Actual Flow will be for each of the three-calendar-month periods in such Fiscal Year, beginning with January 1, April 1, July 1 and October 1.

Section 4.03. Advance Payment. In consideration of the provision by LAVWMA of the Sewer Service capacity, whether or not such Sewer Service is used, on or before each January 1, April 1, July 1 and October 1 during the term of this Contract, Livermore and District, acting for itself and Pleasanton, shall pay to LAVWMA from Charges the sum of the following amounts:

(a) the amount of the Budgeted Fixed Costs relating to Debt Service for the period beginning with such due date and ending with the day immediately preceding the next succeeding due date less one-quarter of the Actual Rate Stabilization Fund Draw;

(b) the amount of the Budgeted Variable LAVWMA Maintenance and Operation Costs for Joint Use Facilities for the period beginning with such due date and ending with the day immediately preceding the next succeeding due date times the ratio of such Member's Estimated Flow for such period to the sum of all Members' Estimated Flows for such period;

(c) the amount of the Budgeted Variable LAVWMA Maintenance and Operation Costs for such Member's Sole Use Facilities for the period beginning with such due date and ending with the day immediately preceding the next succeeding due date times the ratio of such Member's Estimated Flow for such period to the sum of the Estimated Flows for such period for all Members using the same Sole Use Facilities as such Member; and

(d) at the beginning of each Fiscal Year, draws on the Rate Stabilization Fund shall be appropriated and deposited into the Debt Service Fund, as provided in Section 4.03(2) of the Indenture.

Livermore and the District shall take such action as may be necessary to include all payments due under this section in their respective annual budgets and shall make the necessary annual appropriations for such payments. Pleasanton agrees to make all payments due to District under Section 10 of the Regional Agreement promptly, and District agrees to enforce said payment obligation, if needed, and shall apply amounts received from Pleasanton

pursuant to Section 10 of the Regional Agreement to the payment obligation created under Section 4.01.

Section 4.04 Annual Reconciliation; Credits. Within one hundred fifty (150) days after the close of each Fiscal Year, LAVWMA shall compute the amount of the payments that would have been made under Section 4.03 by each Member if the amounts of such payments had been determined using Actual Fixed Costs instead of Budgeted Fixed Costs, Actual Variable LAVWMA Maintenance and Operation Costs instead of Budgeted Variable LAVWMA Maintenance and Operation Costs and Actual Flows instead of Estimated Flows for such Fiscal Year, and if such payments had been computed on a Fiscal Year basis rather than on a quarterly basis. Any deficiency of such amount under the amount actually paid by such Member with respect to such Fiscal Year shall be added to such Member's next payment to be made under Section 4.03. Interest earnings on funds held by LAVWMA shall be applied as a credit toward individual Members' payment obligation under Section 4.01, on a pro rata basis, according to the ratio resulting from such Member's total payments to LAVWMA in a particular period, divided by the total deposits made by all the members to LAVWMA in such period, unless otherwise directed by LAVWMA's Board. Any excess of such amount over the amount actually paid by such Member with respect to such Fiscal Year shall be paid by LAVWMA to such Member not later than 15 days after the date of the next payment to be made under Section 4.03.

Section 4.05 Billing. LAVWMA shall prepare and submit to each Member at least 15 days prior to the date on which any payment under this Contract is due from such Member, an invoice for such payment.

Section 4.06 Rates and Charges by Members.

(a) Livermore agrees to fix, prescribe and collect Charges in connection with its sewer service to its sewer customers so as to yield Net Revenues from such Charges in an amount at least equal to 1.1 times Livermore's obligations to LAVWMA under Section 4.01(a)(i) of this Contract and 1.0 times amounts owed on other Obligations of Livermore having a lien on such Net Revenues.

(b) The District shall determine the amount of the Regional Service Charge pursuant to Section 10 of the Regional Agreement which will produce aggregate Net Revenues of the District and Pleasanton in an amount at least equal to 1.1 times the Rate Covenant Debt Service, and agrees to fix, prescribe and collect Charges in connection with Sewer Service provided to its sewer customers at the levels so determined.

(c) Pleasanton agrees to fix, prescribe and collect: (i) Charges in connection with Sewer Service to its sewer customers at the levels required to discharge its obligations hereunder; and (ii) Regional Service Charges at the levels prescribed by the District pursuant to Section 10 of the Regional Agreement.

Section 4.07. Determination of Amount of Expansion Project Bonds and Rehabilitation Project Bonds.

LAVWMA shall determine the principal amount of the Rehabilitation Project Bonds and the Expansion Project Bonds, in accordance with the following procedures:

(a) **Initial Determination.** LAVWMA shall, prior to the sale of each of the Series A Bonds and the Series B Bonds, provide to the Members, for their review and comment, an Engineer's estimate of the percentage of the aggregate amount of the Series A Bonds and the Series B Bonds (which percentages shall, in the aggregate, total 100%) devoted to the LAVWMA

Expansion Project and the Rehabilitation Project. Said estimated percentages are herein referred to as the "Estimated Percentages."

(b) Revised/Final Percentages. The Estimated Percentages shall be revised upon completion of the Project upon an audit prepared by an engineering firm selected by LAVWMA and approved by the Members. Said revised percentages shall, upon their approval by LAVWMA, become the "Final Percentages." The Members' obligation to make payments to LAVWMA shall be calculated on the Estimated Percentages until the Final Percentages are approved by LAVWMA, whereupon the Members' payment obligation under Section 4.01 shall be based on the Final Percentages. In addition to the Final Percentages, such audit shall also contain: (i) a reconciliation of what each Member should have paid under Section 4.01 for the period during which Estimated Percentages were used to calculate the Members' payment obligation hereunder; and (ii) the amount owed to any Member as a result of such reconciliation.

Section 4.08. Rate Stabilization Fund.

The District, for its own account and Pleasanton's, has created under Section 5.7 of the Installment Sale Agreement, the "Rate Stabilization Fund." The Rate Stabilization Fund shall, except as provided in paragraph (5) below, be maintained by the District, so long as the Bonds are Outstanding, and shall be funded and applied as provided below:

(1) All Regional Connection Fees, whether collected by the District or collected by Pleasanton and paid to the District, shall be deposited into the Rate Stabilization Fund.

(2) All amounts in the Rate Stabilization Fund shall be available to pay the following:

(a) Expansion Project Debt Service;

(b) Replenishment of the Reserve Fund under the Trust Agreement and the Reserve Account under the Indenture;

(c) Bond Redemptions;

(d) any capital improvements permitted to be paid for from the Regional Connection Fees under the Regional Agreement, as well as any reimbursement of replacement reserves and any funds other than Regional Connection Fees which have been deposited therein or which have been advanced by the District or Pleasanton from User Charges to pay Expansion Project Debt Service; and

(e) any other purpose agreed to between the District and Pleasanton.

(3) The District shall attempt to maintain the Rate Stabilization Fund at the Target Level; provided, that the District shall not be required to fund the Rate Stabilization Fund from revenues derived from User Charges assessed wastewater customers.

(4) Amounts in the Rate Stabilization Fund shall be available to pay the items listed in Section 4.08(2)(a) through (e) above; provided, that draws on the Rate Stabilization Fund shall not cause the funds therein to fall below the Target Level, except as expressly hereinafter provided. In the event draws on the Rate Stabilization Fund would cause the Rate Stabilization Fund balance to fall below the Target Level, such draw shall be limited to pay Expansion Project Debt Service, in an amount equal to the sum of: (i) one-third of the lesser of (a) the Target Level,

or (b) the amount then on hand in the Rate Stabilization Fund; plus (ii) the amount then on hand in the Rate Stabilization Fund in excess of the Target Level.

(5) The Rate Stabilization Fund may be depleted and closed if: (i) Expansion Project Debt Service is in fact being paid entirely from User Charges; or (ii) if all scheduled Expansion Project Debt Service has been paid or provided for.

(6) For purposes of determining the sufficiency of amounts held in the Rate Stabilization Fund, the District shall receive a credit for amounts held by the Trustee in the DSRSD/Pleasanton Debt Service Holding Account created under Section 4.03(2)(b) of the Indenture and the Installment Payment Fund created under Section 5.02 of the Trust Agreement.

Section 4.09. Provisions Relating to Regional Agreement. In order to secure the Bonds, the District and Pleasanton hereby agree, for the benefit of the Trustee and Bondholders, as follows:

(a) Termination. The District and Pleasanton hereby surrender their right to terminate the Regional Agreement pursuant to Section 18, unless and until the Bonds are Discharged; provided, however, that if both Pleasanton and the District decide to have another public agency (the "Regional Agency") assume responsibility for operation of the Regional Facilities, the Regional Agreement may be terminated to reflect said change in operation of the Regional Facilities, subject to the following:

(i) the Regional Agency shall assume all obligations of the District and Pleasanton hereunder;

(ii) said proposed termination of the Regional Agreement shall be approved in writing by the Bond Insurer, if the Bonds are then insured, or, if the Bonds are not then insured, any Rating Agency then rating the Bonds shall state in writing that said termination of the Regional Agreement will not cause a reduction or withdrawal of the rating then in effect on the Bonds; and

(iii) this Contract shall be amended to incorporate all relevant provisions of the Regional Agreement, including specifically the rate setting mechanism contained in Section 10 of the Regional Agreement.

(b) Third Party Beneficiary. The trustee for the Bonds and any financial institution providing insurance or a letter of credit to secure the Bonds shall be third-party beneficiaries of the Regional Agreement.

(c) Amendment of Regional Agreement. The District and Pleasanton will not amend the Regional Agreement so as to materially adversely affect the holders of the Bonds, which shall be determined by the Rating Agency then rating the Bonds indicating in writing that such amendment would or would not result in a downgrading to the rating then in effect for the Bonds, or, if the Bonds are then insured by a Bond Insurer, such amendment shall be considered not to materially adversely affect the holders of the Bonds if such amendment is consented to by such Bond Insurer. If the Bonds are not insured by a Bond Insurer, and the Rating Agency then rating the Bonds declines for any reason to comment in writing on the effect of such proposed amendment on the rating then in place on the Bonds, then such proposed amendment shall be determined not to be materially adverse to the holders of the Bonds if Bond Counsel delivers to the Trustee an opinion to that effect.

(d) Use of Regional Service Charges. Notwithstanding Section 10(b) of the Regional Agreement, funds derived from Regional Service Charges may be used to advance funds to pay Expansion Project Debt Service.

Section 4.10. Joint Powers Agreement. LAVWMA and the Members agree that they will not amend the Joint Powers Agreement so as to materially adversely affect the holders of the Bonds, which shall be determined by the Rating Agency then rating the Bonds indicating in writing that such amendment would or would not result in a downgrading to or withdrawal of the rating then in effect on the Bonds, or, if the Bonds are then insured, such amendment shall be considered not to materially adversely affect the holders of the Bonds if such amendment is consented to by such Bond insurer. If the Bonds are not insured, and the Rating Agency then rating the Bonds declines for any reason to comment in writing on the effect of such proposed amendment on the Bonds, then such proposed amendment shall be determined not to be materially adverse to the holders of the Bonds if Bond Counsel delivers to the Trustee an opinion to that effect.

Section 4.11. Replenishment of Reserve Fund.

(a) The Members agree that if the amount in the Reserve Account held by the Trustee under the Indenture falls below the Reserve Requirement (as defined in the Indenture), by reason of loss of value of Authorized Investments then on hand in the Reserve Account, the Members shall make up such loss, over the time period and in the amounts specified in Section 4.08 of the Indenture, in the same percentages of Debt Service as they are then responsible to pay under Section 4.01(a). Livermore shall make up such shortfall from its Net Revenues. The District, for itself and Pleasanton, shall make up such loss from amounts on hand in the Rate Stabilization Fund, or, if necessary, from Regional Service Charges.

(b) An individual Member shall not be obligated to replenish the Reserve Account which has been depleted to make a payment on the Bonds as a result of another Member's failure to make its payments under Section 4.01(a). In such case, the Reserve Account shall be replenished solely by depositing to the Reserve Account the late payment made by the Member which caused said draw on the Reserve Account, as described in Section 3.03 of the Indenture.

ARTICLE V

MISCELLANEOUS

Section 5.01 Abatement of Payments for Sewer Service; Subordinate Lien on Net Revenues of Members.

(a) Subject to the provisions of paragraph (b), payments for Sewer Service shall be abated during any period in which by reason of any damage or destruction (other than by condemnation, which is hereinafter provided for) there is a material interruption in the Sewer Service to the Members. Such abatement shall continue for the period commencing with such damage or destruction and ending upon the restoration of Sewer Service by LAVWMA. In the event of any such damage or destruction, this Contract shall continue in full force and effect and the Members waive any rights to terminate this Contract by virtue of such damage or destruction. The proceeds of any insurance covering such damage or destruction shall be deposited and applied by LAVWMA as provided in Section 5.07 of the Indenture.

(b) The Members hereby unconditionally pledge and create, in favor of LAVWMA and the Trustee for the Bonds, a lien on the Net Revenues of their respective Sewer Systems, to pay to LAVWMA the amounts owed under Section 4.01(a); provided, that said lien shall be

subordinate to the Members' existing Obligations, as well as Obligations to be issued to finance or refinance improvements to their respective Sewer Systems.

Section 5.02. Eminent Domain. If the whole of the Enterprise shall be taken under the power of eminent domain, the term of this Contract shall end as of the day possession of the Enterprise shall be so taken. If less than the whole of the Enterprise shall be taken under the power of eminent domain, this Contract shall continue in full force and effect and shall not be terminated by virtue of such taking; the Members waive any rights to terminate this Contract by virtue of such taking and waive the benefit of any law to the contrary; and, if such taking causes a material interruption in the Sewer Service, payments for Sewer Service shall be abated during the period of such inability. The net proceeds realized by LAVWMA from any such taking shall be deposited and applied by LAVWMA in the manner provided in Section 5.06 of the Indenture.

Section 5.03. Default in Payment. If default shall be made in the due and punctual payment of any amounts required to be paid under Sections 4.03 or 4.04, or if default shall be made by any Member in the observance of any of the covenants, agreements or conditions on its part in this Contract and such default shall have continued for a period of 30 days after such Member shall have given notice in writing by LAVWMA of such default, such Member shall be deemed to be in default under this Contract and it shall be lawful for LAVWMA to exercise any and all remedies available pursuant to law or granted pursuant to this Contract. Upon any such default, LAVWMA, in addition to any other rights and remedies it may have at law, shall have the option, without terminating this Contract, to collect each payment for Sewer Service as such payment becomes due and to enforce any other term or provision of this Contract to be kept or performed by such Member.

LAVWMA shall have the right to institute an action for damages sustained as a result of any such default and shall have the right by mandamus or other proceeding at law or in equity to enforce its rights against such Member and to compel such Member and any officers or employees thereof to perform and carry out their obligations and duties under this Contract. In the event of any such default, the Trustee designated pursuant to Section 6.01 of the Indenture shall have the right to enforce for the benefit of the holders of the Bonds the rights of LAVWMA under this Contract, and, to that end, shall have the right to institute any action or other proceeding at law or in equity which the Trustee could institute under this section.

Section 5.04. Other Sewer Service Users. LAVWMA shall not sell or offer to sell Sewer Service to any user other than a Member: (a) without the written consent of all Members, (b) upon terms and conditions more favorable than those herein provided for the Members, or (c) if the provision of such Sewer Service would prevent it from meeting its obligations under this Contract to provide Sewer Service to the Members.

Section 5.05. Disruptions in Pipeline Capacity. To the extent permitted by law, LAVWMA hereby covenants to accept the Wastewater of Members notwithstanding any disruption in pipeline capacity and shall use its best efforts in the event of any such disruption to undertake alternative and interim methods of storage and disposal of wastewater.

Section 5.06. Continuing Disclosure. The Members hereby covenant and agree that they will comply with and carry out all of the provisions of the Continuing Disclosure Certificates. Notwithstanding any other provision of this Contract, failure of the Members to comply with the Continuing Disclosure Certificates shall not be considered an Event of Default; however, the Trustee, at the written request of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall, but only to the extent indemnified to its satisfaction from any liability or expense, including, without limitation fees

and expenses of its attorneys, or any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 5.07. Notices and Addresses. Any notice, invoice or other communication to be given under this Contract to any signatory hereof shall be in writing and shall be given by registered mail, return receipt requested, or by personal delivery, receipt acknowledged, to such party at such party's respective address as follows:

Livermore-Amador Valley Water Management Agency
c/o Dublin San Ramon Services District
7051 Dublin Boulevard
Dublin, CA 94568
FAX: (925) 828-4907

City of Livermore
1052 South Livermore Avenue
Livermore, California 94550
FAX: (925) 373-5135

City of Pleasanton
200 Old Bernal Avenue
Pleasanton, California 94566
FAX: (925) 461-6855

Dublin San Ramon Services District
7051 Dublin Boulevard
Dublin, California 94568
FAX: (925) 829-1180

Any signatory hereof may, in lieu of the above address and upon notice to all other parties as provided in this section, specify a different address for the delivery of notices, invoices or other communications.

Section 5.08. Assignment. Except as provided in Section 5.03, neither this Contract nor any right or duty of any Member hereunder shall be assigned or delegated by such Member by voluntary act or by operation of law or otherwise, except with the prior written consent of LAVWMA and all the other Members, which consent shall not be unreasonably withheld.

Section 5.09. Binding Effect. This Contract shall inure to the benefit of and shall be binding upon LAVWMA and the Members and their successors and assigns, subject, however, to the limitations contained in Section 5.06.

Section 5.10. Severability. If any one or more of the covenants or agreements, or portions thereof provided in this Contract shall be held by a court of competent jurisdiction to be void, voidable or unenforceable, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of or enforceability of the remaining portions of this Contract.

Section 5.11. No Personal Liability. No member of the governing body, officer, agent or employee of LAVWMA or any Member shall be individually or personally liable for any payments to be made under this contract; but nothing herein contained shall relieve any such

Member of the governing body, officer, agent or employee from the performance any official duty provided by law.

Section 5.12. Complete Agreement; Amendments. This Contract represents the entire agreement between LAVWMA and the Members. This Contract may not be amended, changed, modified or altered except in writing. The parties may agree to the amendment of this Contract; provided, however, that the parties agree and recognize that this Contract is entered into in accordance with the terms of the Indenture and accordingly, this Contract may not be terminated while the Bonds are Outstanding, and that any such amendment shall only be made or effected in accordance with and subject to the terms of the Indenture so as to protect the rights of holders of the Bonds.

Section 5.13. Law Governing. This Contract shall be governed exclusively by the provisions hereof and by the laws of the State of California as the same from time to time exist.

Section 5.14. Third Parties Benefited. This Contract is made and entered into for the benefit of LAVWMA, the Members, the holders of the Bonds and the Trustee designated pursuant to Section 6.01 of the Indenture, and their permitted successors and assigns, and no other persons or entities shall have any right of action here. The Trustee and any financial institution providing municipal bond insurance or a letter of credit to service the Bonds will be an express third party beneficiary of this Contract.

Section 5.15. Article and Sections Headings. The headings or titles of the several articles and sections hereof, and any table of contents appended hereto, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Contract.

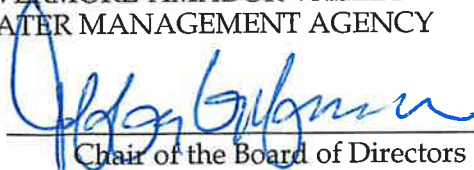
All references herein to "Articles," "Sections" and other subdivisions are to the corresponding articles, sections or subdivisions of this Contract; and the words "herein," "hereof," "hereunder," "hereinafter" and any other words of similar import refer to this Contract as a whole and not to any particular article, section or subdivision hereof.

Section 5.16. Execution in Counterparts. This Contract may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Contract.

IN WITNESS WHEREOF, LAVWMA and each of the Members has caused this Contract to be executed as of the day and year first above written.

Approved As To Form:

LIVERMORE-AMADOR VALLEY
WATER MANAGEMENT AGENCY

By 
Chair of the Board of Directors

General Counsel

ATTEST:


General Manager

Approved as to Form:

CITY OF LIVERMORE

By _____
City Manager

City Attorney
[Seal]

ATTEST:

City Clerk

Approved As To Form:

CITY OF PLEASANTON

By _____
City Manager

City Attorney
[Seal]

ATTEST:

City Clerk

Approved as to Form:

DUBLIN SAN RAMON SERVICES DISTRICT

By 
General Manager

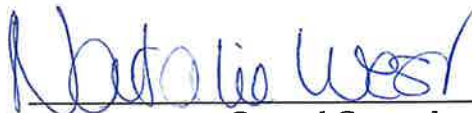
District General Counsel
[Seal]

ATTEST:


Secretary of the Board of Directors

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Approved As To Form:


General Counsel

LIVERMORE-AMADOR VALLEY
WATER MANAGEMENT AGENCY

By _____
Chair of the Board of Directors

ATTEST:

General Manager

Approved as to Form:

CITY OF LIVERMORE

City Attorney
[Seal]

By _____
City Manager

ATTEST:

City Clerk

Approved As To Form:

CITY OF PLEASANTON

City Attorney
[Seal]

By _____
City Manager

ATTEST:

City Clerk

Approved as to Form:

DUBLIN SAN RAMON SERVICES DISTRICT

District General Counsel
[Seal]

By _____
General Manager

ATTEST:

Secretary of the Board of Directors

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Approved As To Form:

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WATER MANAGEMENT AGENCY

General Counsel

By _____
Chair of the Board of Directors

ATTEST:

General Manager

Approved as to Form:

CITY OF LIVERMORE

City Attorney

By _____
City Manager

[Seal]

ATTEST:

City Clerk

Approved As To Form:

CITY OF PLEASANTON

City Attorney

By _____
City Manager

[Seal]

ATTEST:

City Clerk

Approved as to Form:

DUBLIN SAN RAMON SERVICES DISTRICT


District General Counsel

By _____
General Manager

[Seal]

ATTEST:

Secretary of the Board of Directors

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Approved As To Form:

LIVERMORE-AMADOR VALLEY
WATER MANAGEMENT AGENCY

General Counsel

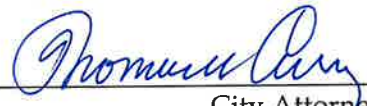
By _____
Chair of the Board of Directors

ATTEST:

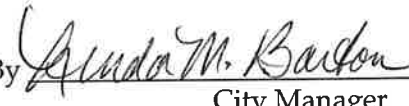
General Manager

Approved as to Form:

CITY OF LIVERMORE



City Attorney

By 

City Manager

[Seal]

ATTEST:



City Clerk

Approved As To Form:

CITY OF PLEASANTON

City Attorney

By _____
City Manager

[Seal]

ATTEST:

City Clerk

Approved as to Form:

DUBLIN SAN RAMON SERVICES DISTRICT

District General Counsel

By _____
General Manager

[Seal]

ATTEST:

Secretary of the Board of Directors

IN WITNESS WHEREOF, LAVWMA and each of the Members has caused this Contract to be executed as of the day and year first above written.

Approved As To Form:

LIVERMORE-AMADOR VALLEY
WATER MANAGEMENT AGENCY

General Counsel

By _____
Chair of the Board of Directors

ATTEST:

General Manager

Approved as to Form:

CITY OF LIVERMORE

City Attorney

By _____
City Manager

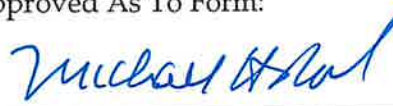
[Seal]

ATTEST:

City Clerk

Approved As To Form:

CITY OF PLEASANTON



City Attorney

By 

City Manager

[Seal]

ATTEST:



City Clerk

Approved as to Form:

DUBLIN SAN RAMON SERVICES DISTRICT

District General Counsel

By _____
General Manager

[Seal]

ATTEST:

Secretary of the Board of Directors

LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY

RESOLUTION NO. 01-02

**A RESOLUTION ADOPTING APPENDIX A TO THE CONFLICT OF
INTEREST CODE FOR THE LIVERMORE-AMADOR VALLEY WATER
MANAGEMENT AGENCY AND RESCINDING THE EXISTING
APPENDIX A**

WHEREAS, the Political Reform Act of 1974, as amended (Gov't Code §§ 81000 *et seq.*) (the "Political Reform Act"), requires every state or local agency to adopt and promulgate a Conflict of Interest Code;

WHEREAS, the Livermore-Amador Valley Water Management Agency ("LAVWMA") most recently revised its Conflict of Interest Code in 1995. Resolution No. 95-1 of the LAVWMA Board of Directors adopted the standard model Conflict of Interest Code adopted by the California Fair Political Practices Commission ("FPPC"), amended Appendix A of LAVWMA's Conflict of Interest Code nonsubstantively to add the position of Consultant to the list of designated positions and provided that Statements of Economic Interests be retained by the LAVWMA General Counsel;

WHEREAS, the Political Reform Act requires every multi-county agency to review its Conflict of Interest Code biennially;

WHEREAS, LAVWMA has reviewed its Conflict of Interest Code and determined that substantive amendments are required;

WHEREAS, LAVWMA currently owns a permanent easement for its existing pipeline on property owned by California Corporate Properties C, LLC ("California Corporate Properties"); has complied with the procedures set forth in 2 California Code of Regulations Section 18750.1, which govern the substantive amendment of conflict of interest codes for multi-county government agencies; and

WHEREAS, the LAVWMA Board desires to amend Appendix A of LAVWMA's Conflict of Interest Code substantively to add the position of Treasurer as a Designated Employee, to narrow the disclosure categories and to provide that Statements of Economic Interests will be retained by the LAVWMA General Manager.

NOW, THEREFORE BE IT RESOLVED that

1. The existing Appendix A, adopted by Resolution 95-1, is hereby rescinded. Appendix A, attached hereto and incorporated herein by reference, is hereby adopted and incorporated as Appendix A to the Conflict of Interest Code of the Livermore-Amador Valley Water Management Agency.

2. Pursuant to the provisions of 2 California Code of Regulations Section 18730(b)(4), all persons holding designated positions, as specified in Appendix A, shall file a copy of their Statement of Economic Interests with the General Manager of LAVWMA, who shall retain copies thereof at the LAVWMA offices at 7051 Dublin Boulevard, Dublin, California.
3. This resolution shall become effective upon its adoption; provided, however, that the amendment to the Conflict of Interest Code shall become effective only after approval by the Executive Director of the FPPC. If approved by the Executive Director of the FPPC, the amendment shall become effective on the thirtieth day following the approval.

PASSED AND ADOPTED THIS 21st day of February 2001, by the following votes:

Ayes: 6 Chair Hansen, Director Ayala, McCormick, Pico, Stein, Brown

Noes: _____

Abstain: _____

Absent: _____

Board of Directors

LIVERMORE-AMADOR VALLEY WATER
MANAGEMENT AGENCY



Jeffrey Hansen, Chair

ATTEST:



Vivian W. Housen, General Manager

APPROVED AS TO FORM:



Natalie E. West, General Counsel

APPENDIX A

LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY

DESIGNATED EMPLOYEES

DISCLOSURE CATEGORY

Director	I
General Manager	I
General Counsel	I
Treasurer	I
Consultant ¹	I

DISCLOSURE CATEGORIES DEFINED

- I.
 - a) All interests in real property located in or within two miles of the service area of LAVWMA's member agencies or located within two miles of any LAVWMA facilities, including LAVWMA's existing pipeline and any facilities that are planned to be constructed as part of LAVWMA's Export Pipeline Facilities Project.
 - b) All investments which do business within the service area of LAVWMA's member agencies or which do business with LAVWMA or which are of the type to do business with LAVWMA, including construction and engineering services and any businesses from which easements have been or will be acquired.
 - c) All income and business positions.

FILING OF STATEMENTS OF ECONOMIC INTERESTS

Statements of Economic Interests shall be filed with the LAVWMA General Manager and shall be retained at the LAVWMA Offices located at 7051 Dublin Boulevard in Dublin, California.

¹ The Manager may determine, in writing, that a particular consultant, although a "Designated Employee," has been employed to perform a range of duties which are limited in scope, and thus shall not be required fully to comply with the disclosure requirements described in this Appendix. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The Manager's determination shall be a public record, and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.

**MEMBER CONTINUING DISCLOSURE CERTIFICATE
CITY OF PLEASANTON**

**\$142,385,000
LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY
SEWER REVENUE BONDS, SERIES A**

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Pleasanton (the "Member") in connection with the issuance of \$142,385,000 Livermore-Amador Valley Water Management Agency Sewer Revenue Bonds, Series A (the "Series A Bonds"). The Series A Bonds are being issued pursuant to an Indenture of Trust, dated as of March 1, 2001 (the "Indenture"), by and between the Livermore-Amador Valley Water Management Agency ("the Agency") and the Trustee (as defined below). BNY Western Trust Company is appointed Trustee (the "Trustee") under the Indenture. The Member covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Member for the benefit of the Holders and Beneficial Owners of the Series A Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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:

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended.

"Annual Report" shall mean any Annual Report provided by the [Member] pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series A Bonds (including persons holding Series A Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series A Bonds for federal income tax purposes.

"Dissemination Agent" shall mean the BNY Western Trust Company, or any successor Dissemination Agent designated in writing by the Member, the Cities of Livermore and Pleasanton (collectively the "Members"), and the Agency, and which has filed with the Members and the Agency a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the S.E.C. are listed in the S.E.C. website at <http://www.sec.gov/consumer/nrmsir.htm>.

"Official Statement" shall mean the Official Statement relating to the Series A Bonds, dated March 8, 2001.

"Participating Underwriter" shall mean the original purchaser of the Series A Bonds required to comply with the Rule in connection with offering of the Series A Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the S.E.C. under the 1934 Act, as the same may be amended from time to time.

"S.E.C." means the Securities and Exchange Commission.

"State" shall mean the State of California.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the S.E.C. As of the date of this Disclosure Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Member shall, or shall cause the Dissemination Agent to, not later than 210 days after the end of the Member's fiscal year (presently such fiscal year ends June 30), commencing with the report for the fiscal year ending June 30, 2001, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Member may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Member's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than fifteen (15) Business Days prior to said date, the Member shall provide the Annual Report to the Dissemination Agent (if other than the Member). If the Member is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Member shall send a notice to each Repository in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

(ii) (if the Dissemination Agent is other than the Member), to the extent the Member has filed the Annual Report with the Dissemination Agent, file a report with the Member certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided. (See Section 3(c)(iii) of the Agency's Continuing Disclosure Certificate).

SECTION 4. Content of Annual Reports. The Member's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Member for the prior fiscal year, 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 Member'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) An annual updating of the following tables and information contained on the following pages of the Official Statement:

1. Dwelling Unit Equivalents and Connections by Classification of User (page 42).
2. Member Wastewater System Revenues by Type of Fee and Class of User (page 42).
3. Current User Charges (page 43).
4. Current Connection Charges (page 43).
5. The prior fiscal year's operating results presented in a format substantially similar to the table entitled "Member Wastewater System Projected Operating Results" (page 46) (no update for future years is required).

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 Member or related public entities, which have been submitted to each of the Repositories or the S.E.C. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Member shall clearly identify each such other document so included by reference.

SECTION 5. Termination of Reporting Obligation. The Member's and the Dissemination Agent's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series A Bonds. If such termination occurs prior to the final maturity of the Series A Bonds, the Member shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 6. Dissemination Agent. The Member 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 such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent appointed hereunder is BNY Western Trust Company. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Member and the Dissemination Agent pursuant to this Disclosure Certificate.

Any company succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper or any further act. The Dissemination Agent may resign its duties hereunder at any time upon written notice to the Member, which resignation shall be effective upon receipt of such notice with or without the appointment of a successor Dissemination Agent.

SECTION 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Member 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 Member 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 Member 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.

The Member acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the 1934 Act, may apply to the Member, and that under some circumstances compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Member under such laws.

SECTION 8. Default. In the event of a failure of the Member to comply with any provision of this Disclosure Certificate, the sole legal remedy under this Disclosure Certificate for any Holder or Beneficial Owner of the Series A Bonds or the Participating Underwriter shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture.

No Bondholder or Beneficial Owner may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Member satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Member shall have refused to comply therewith within a reasonable time.

SECTION 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Member agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Member under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series A Bonds. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Certificate.

SECTION 10. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Member may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Member shall describe such amendment in the same manner as for a Listed Event under Section 5(c).

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Member, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Series A Bonds, and shall create no rights in any other person or entity.

Dated: March 21, 2001

CITY OF PLEASANTON

By Deborah McKeenan
City Manager

Acknowledged by Dissemination Agent:

BNY Western Trust Company

By: _____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Reporting Party: [Member]

Name of Bond Issue: LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY
SEWER REVENUE BONDS, SERIES A

Date of Issuance: _____, 2001

NOTICE IS HEREBY GIVEN that an Annual Report with respect to the above-named Series A Bonds was not released by the [Member] by the date required in the Continuing Disclosure Certificate. [The [Member] anticipates that the Annual Report will be filed by _____.]

Dated: _____

[MEMBER]

By _____ [form only; no signature required]

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Member, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Series A Bonds, and shall create no rights in any other person or entity.

Dated: March 21, 2001

CITY OF PLEASANTON

By Deborah McKeehan
City Manager

Acknowledged by Dissemination Agent:

BNY Western Trust Company

By: _____
Authorized Officer

**LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY
SEWER REVENUE BONDS
SERIES A**

**CERTIFICATE REGARDING
PRELIMINARY OFFICIAL STATEMENT**

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting City Manager of the City of Pleasanton, a municipal corporation and general law city duly organized and existing under the laws of the State of California ("Pleasanton"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same on behalf of Pleasanton;

(ii) that there has been delivered to Morgan Stanley & Co. Incorporated, as underwriter of the above-captioned bonds (the "Underwriter"), a Preliminary Official Statement, dated February 26, 2001 (including the cover page and all appendices thereto, the "Preliminary Official Statement"), which the undersigned, on behalf of the City Council of Pleasanton, deems final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 ("Rule 15c2-12"), those portions of the Preliminary Official Statement, describing Pleasanton, including the Section entitled "City of Pleasanton", except for information permitted to be omitted therefrom by Rule 15c2-12; and

(iii) that Pleasanton has approved the use and distribution of the Preliminary Official Statement by the Underwriter.

Dated as of February 26, 2001

CITY OF PLEASANTON

By Deborah Acosta McKeehan
Deborah Acosta,
City Manager

\$142,385,000
**LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY
SEWER REVENUE BONDS
SERIES A**

OFFICER'S CERTIFICATE OF PLEASANTON

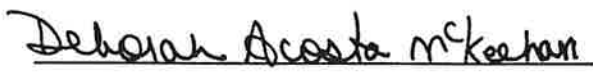
The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting City Manager of the City of Pleasanton, a municipal corporation and general law city duly organized and existing under the laws of the State of California ("Pleasanton"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same on behalf of Pleasanton;

(ii) that the following are now, and have continuously been since the dates of the beginning of their respective current terms of office shown below, the duly appointed, qualified and acting members of the City Council of Pleasanton, and the dates of the beginning and ending of their respective current terms of office are hereunder correctly designated opposite their names:

<u>Members</u>	<u>Beginning Date of Current Term</u>	<u>Ending Date of Current Term</u>
Thomas Pico Jr.	November 2000	November 2002
Kay Ayala	November 2000	November 2004
Sharrell Michelotti	November 1998	November 2002
Becky Dennis	November 1998	November 2002
Matt Campbell	November 2000	November 2004

(iii) that the signatures set forth opposite the names of the following persons are the true and correct specimens of, or are, the genuine signatures of such persons, each of whom holds the office designated below:

<u>Name and Title</u>	<u>Signature</u>
Deborah Acosta, City Manager	
Peggy Ezidro, City Clerk	

(iv) that the City Council of Pleasanton duly adopted on December 5, 2000 at a meeting which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, Resolution No. 00-147, entitled "Resolution Approving Revenue Bond Financing of the Export Pipeline Facilities Project by the Livermore-Amador Valley Water Management Agency, Authorizing Execution of Related Sewer Service Contract, and Related Matters" (the "Resolution"), which Resolution has not been amended, modified, supplemented, rescinded or repealed and remains in full force and effect as of the date hereof;

(v) that, by all necessary action, Pleasanton has duly authorized and approved the execution and delivery of, and the performance by Pleasanton of the obligations on its part contained in, the following agreements (collectively, the "Agreements"):

- (a) Sewer Service Contract, dated as of March 1, 2001 (the "Sewer Service Contract"), between Livermore-Amador Valley Water Management Agency ("LAVWMA"), Dublin San Ramon Services District ("DSRSD"), the City of Livermore ("Livermore") and Pleasanton,
- (b) Agreement for Wastewater Disposal Services, dated November 3, 1992, between Pleasanton and DSRSD, together with the First and Second Supplement thereto, and
- (c) Continuing Disclosure Agreement, dated March 21, 2001, by and between Pleasanton and BNY Western Trust Company;

(vi) that Pleasanton is, and will be on the date hereof, a political subdivision of the State of California organized and operating pursuant to the laws of the State of California with the full power and authority to execute and deliver the Agreements;

(vii) that by all necessary official action of Pleasanton prior to or concurrently with the acceptance hereof, Pleasanton has duly approved the form of the Preliminary Official Statement, dated February 26, 2001 (the "Preliminary Official Statement") and the distribution of the Official Statement, dated March 8, 2001 (the "Official Statement"), and has duly authorized and approved the execution and delivery of, and the performance by Pleasanton of the obligations on its part contained in, the Agreements and the consummation by it of all other transactions contemplated by the Official Statement and the Agreements;

-(viii) that Pleasanton is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation to which it is subject or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which Pleasanton is a party or to which Pleasanton or any of its property or assets is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default in any material respect under any such instrument; and the execution and delivery of the Sewer Service Contract, and compliance with the provisions on Pleasanton's part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which Pleasanton is a party or is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of Pleasanton under the terms of any

such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Sewer Service Contract;

(ix) that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the best knowledge of Pleasanton after reasonable investigation, threatened against Pleasanton

- (a) affecting the existence of Pleasanton or the titles of its officers to their respective offices, or
- (b) contesting or affecting, as to Pleasanton, the validity or enforceability of the Sewer Service Contract or
- (c) contesting the powers of Pleasanton or its authority to enter into, adopt or perform its obligations under any of the foregoing, or
- (d) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, or
- (e) wherein an unfavorable decision, ruling or finding would materially adversely affect the operations and finances of Pleasanton;

(x) that all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by Pleasanton of its obligations in connection with the execution and delivery of the Sewer Service Contract have been duly obtained; and, except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by Pleasanton of its obligations under the Sewer Service Contract have been duly obtained;

(xi) that as of the date thereof, the information in the Preliminary Official Statement which describes Pleasanton (including its operations and finances and any projections of its future operating results) did not, except as revised by the Official Statement, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect;

(xii) that the information in the Official Statement which describes Pleasanton (including its operations and finances and any projections of its future operating results) does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made not misleading; and

(xiii) that if between the date hereof and the date which is 25 days after the End of the Underwriting Period for the captioned bonds (the "Bonds"), an event occurs which might or would cause the information contained in the Official Statement which describes Pleasanton, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to

state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, Pleasanton will notify the Underwriter. For the purposes of the foregoing, the term "End of the Underwriting Period" for the Bonds shall mean the date on which the End of the Underwriting Period for the Bonds has occurred under Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

Dated: March 21, 2001

CITY OF PLEASANTON

By: Deborah Acosta McKeehan
Deborah Acosta,
City Manager