This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

PRELIMINARY OFFICIAL STATEMENT DATED _______, 2026

NEW ISSUE – BOOK-ENTRY ONLY

RATING: S&P "_____"
See the caption "RATING

In the opinion of Stradling Yocca Carlson & Rauth LLP, Special Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in this Official Statement, the portion of each Installment Payment constituting interest (and original issue discount) with respect to the 2026A Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Special Counsel, each Installment Payment constituting interest (and original issue discount) with respect to the 2026A Certificates is exempt from State of California personal income tax. See "TAX MATTERS" with respect to certain tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

$__________*
MISSION SPRINGS WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2026A

Dated: Date of Issuance **Due: February 1, as set forth on the inside cover**

The 2026A Certificates are being executed and delivered to provide funds to (i) finance the acquisition of certain facilities for the District , and (ii) pay costs of delivery of the 2026A Certificates, all as more fully described herein. The 2026A Certificates are being delivered pursuant to the Trust Agreement, dated as of _____ 1, 2026, by and among the District, the Mission Springs Water District Improvement Corporation and U.S. Bank Trust Company, National Association, as trustee. The 2026A Certificates are payable solely from Installment Payments to be made by the District to the Corporation pursuant to the Installment Purchase Agreement, dated as of _____ 1, 2026, by and between the District and the Corporation, and amounts on deposit in certain funds and accounts created under the Trust Agreement. Interest with respect to the 2026A Certificates is payable on each February 1 and August 1 commencing February 1, 2027, until the maturity thereof.

The 2026A Certificates are subject to optional and mandatory prepayment, as more fully described herein.

The 2026A Certificates are being executed and delivered in fully registered form and when the 2026A Certificates are delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. DTC will act as securities depository for the 2026A Certificates. Purchasers of beneficial interests will not receive certificates representing their interest in the 2026A Certificates. So long as Cede & Co. is the registered owner of the 2026A Certificates, as nominee of DTC, references herein to the registered owners shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners of the 2026A Certificates. Individual purchases of the 2026A Certificates will be made in book-entry form only in authorized denominations of $5,000 or any integral multiple thereof. The principal of and interest evidenced by the 2026A Certificates is payable directly to DTC by U.S. Bank Trust Company, National Association, as Trustee. Upon receipt of payments of principal and interest, DTC is obligated to remit such principal and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the 2026A Certificates.

The obligations of the District to make Installment Payments are special obligations of the District payable solely from Net Revenues. Net Revenues consist of Net Water System Revenues and Net Wastewater System Revenues, which are Water System Revenues and Wastewater System Revenues remaining after payment of Water System Operation and Maintenance Costs and Wastewater System Operation and Maintenance Costs, respectively. **The obligations of the District to make Installment Payments are irrevocable obligations of the District payable solely from District Net Revenues but do not constitute obligations of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. The obligations of the District to make Installment Payments do not constitute debt of the District, the State of California or any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.**

The obligations of the District to make Installment Payments are payable from District Net Revenues are on a parity with Parity Payments outstanding in the aggregate principal amount of $__________, as further described herein. The District may incur additional obligations payable from District Net Revenues on a parity with, or subordinate to, the obligation to make Installment Payments, subject to the terms and conditions of the Installment Purchase Agreement, as more fully described herein.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS ARE ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. Capitalized terms used and not defined on the cover of this Official Statement have the meanings ascribed thereto in this Official Statement.

MATURITY SCHEDULE – See Inside Cover Page

The 2026A Certificates are offered when, as and if executed or issued and received by the Underwriter, subject to the approval as to the legality of the Installment Purchase Agreement and the Trust Agreement by Stradling Yocca Carlson & Rauth LLP, Special Counsel, and certain other conditions. The Underwriter is being represented by its counsel, Kutak Rock LLP. Certain legal matters will be passed upon for the District and the Corporation by Slovak Baron Empey Murphy & Pinkney LLP, Palm Springs, California, General Counsel and for the Trustee by its counsel. It is anticipated that the 2026A Certificates will be available for delivery through the facilities of The Depository Trust Company on or about _____, 2026.

* *Preliminary, subject to change.*

Wells Fargo Securities

Dated: _____, 2026

MATURITY SCHEDULE

$__________*
MISSION SPRINGS WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2026A

Maturity Date (February 1)	*Principal Amount*	*Interest Rate*	*Yield*	*Price*	*CUSIP*†

$_____ _____% Term 2026A Certificates Due February 1, 20__, Yield _____, Price _____, CUSIP† _____

$_____ _____% Term 2026A Certificates Due February 1, 20__, Yield _____, Price _____, CUSIP† _____

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* *Preliminary, subject to change.*

† *CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the* American *Bankers Association by FactSet Research Systems Inc. Copyright© 2026 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Corporation, the District or the Underwriter takes any responsibility for the accuracy of such numbers.*

No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering made hereby and, if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2026A Certificates by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the 2026A Certificates. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

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

The information set forth herein has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter. The information and expression of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

THE UNDERWRITER MAY OFFER AND SELL THE 2026A CERTIFICATES TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

CERTAIN STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS AND "FORWARD-LOOKING STATEMENTS." NO ASSURANCE CAN BE GIVEN THAT THE FUTURE RESULTS DISCUSSED HEREIN WILL BE ACHIEVED, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE FORECASTS DESCRIBED HEREIN. IN THIS RESPECT, THE WORDS "ESTIMATE," "PROJECT," "ANTICIPATE," "EXPECT," "INTEND," "BELIEVE" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

THE 2026A CERTIFICATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE 2026A CERTIFICATES HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The District maintains a website. The information presented on the District's website is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2026A Certificates. References to website addresses other than the District's website presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 of the United States Securities and Exchange Commission.

MISSION SPRINGS WATER DISTRICT

BOARD OF DIRECTORS

Amber Duff, President
Robert Griffith, Vice President
Ivan Sewell, Director
Russ Martin, Director
Ted Mayrhofen, Director

DISTRICT STAFF

Brian Macy, General Manager
Skyler Aubrey, Accounting Manager

SPECIAL SERVICES

General Counsel

Slovak Baron Empey Murphy & Pinkney LLP
Palm Springs, California

Special Counsel and Disclosure Counsel

Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

Trustee

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

Municipal Advisor

Urban Futures, Inc.
Walnut Creek, California

$__________*
MISSION SPRINGS WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2026A

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and all appendices hereto, provides certain information concerning the sale and delivery of the Mission Springs Water District Revenue Certificates of Participation, Series 2026A (the "2026A Certificates").

Descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. Capitalized terms used and not otherwise defined herein with respect to the 2026A Certificates have the meanings ascribed to them in Appendix B.

The District

The Mission Springs Water District (the "District") is a county water district originally formed in 1953 as the Desert County Water District under the provisions of the County Water District Law, comprising Division 12, Section 30000 *et seq*. of the State Water Code. The District was renamed the Mission Springs Water District in 1987 and has the power under the County Water District Law to, among other things, provide water and wastewater services within its service area. In connection therewith, the District has the powers of eminent domain, to contract, to construct works, to fix rates and charges for commodities or services furnished and to incur indebtedness.

The District's service area consists of approximately 135 square miles located on the upper side of the Coachella Valley in Riverside County and includes the City of Desert Hot Springs, a portion of the City of Palm Springs, and ten smaller communities in unincorporated Riverside County, including North Palm Springs, West Palm Springs Village and Palm Springs Crest. As of June 30, 2025, the District provided water service to approximately 13,882 residential, commercial, industrial, landscape and other accounts within the District's boundaries and wastewater collection and treatment service to approximately 9,713 residential, commercial and industrial accounts within the District's boundaries.

As of June 30, 2025, the District's water system operated approximately 279 miles of water pipelines, 24 water storage tanks with a total storage capacity of approximately 22.9 million gallons ("MG") and 15 groundwater wells with a total capacity of approximately 23.3 million gallons per day ("MGD").

The District's sole source of water is groundwater pumped from District-owned and operated wells in the Coachella Valley Groundwater Basin, primarily from the Mission Creek Subbasin, and to a lesser extent from the Indio Subbasin (Garnet Hill Subarea) and the San Gorgonio Pass Subbasin. Replenishment of the Coachella Valley Groundwater Basin is managed by the Coachella Valley Water District ("CVWD") and Desert Water Agency ("DWA") and the District pays certain amounts for its share of the costs to replenish the Mission Creek Subbasin, the Garnet Hill Subarea of the Indio Subbasin and the San Gorgonio Pass Subbasin, including the costs for CVWD and DWA to import water for such purposes. See the caption "THE WATER SYSTEM—Water Supply."

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* *Preliminary, subject to change.*

As of June 30, 2025, the District's wastewater system operated approximately 120 miles of sewer mains and three wastewater treatment plants. Wastewater is treated at the Alan L. Horton Wastewater Treatment Plant, the Desert Crest Wastewater Treatment Plant and the Nancy Wright Regional Water Reclamation Facility.

The 2026A Certificates

General. The 2026A Certificates represent the interests of the registered owners thereof (the "Certificate Owners") in installment payments (the "Installment Payments") payable by the District under the Installment Purchase Agreement, dated as of _____ 1, 2026 (the "Installment Purchase Agreement"), by and between the District and the Mission Springs Water District Improvement Corporation, a nonprofit public benefit corporation (the "Corporation"). The 2026A Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of _____ 1, 2026 (the "Trust Agreement"), by and among the District, the Corporation and U.S. Bank Trust Company, National Association, Los Angeles, California, as trustee (the "Trustee"). Pursuant to an Assignment Agreement, dated as of _____ 1, 2026 (the "Assignment Agreement"), by and between the Corporation and the Trustee, the Corporation has assigned to the Trustee for the benefit of the Owners of the 2026A Certificates substantially all its rights under the Installment Purchase Agreement, including the right of the Corporation to receive Installment Payments payable under the Installment Purchase Agreement and the right of the Corporation to enforce payment by the District of such Installment Payments when due.

Purpose. The 2026A Certificates are being executed and delivered to provide funds to (i) finance the acquisition of certain facilities for the District, and (ii) pay costs of delivery of the 2026A Certificates. See the captions "PLAN OF FINANCE—The Project" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Security. The obligation of the District to make Installment Payments is a special obligation of the District payable solely from Net Revenues of the District's Water System and the District's Wastewater System, consisting of District's Water System Revenues remaining after payment of District's Water System Operation and Maintenance Costs and District Wastewater System Revenues remaining after payment of District Wastewater System Operation and Maintenance Costs, respectively.

The obligation of the District to make Installment Payments is an irrevocable obligation of the District payable solely from District Net Revenues but does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. The obligation of the District to make Installment Payments does not constitute a debt of the District, the State of California or any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Rate Covenants. The Installment Purchase Agreement requires the District: (a) to the fullest extent permitted by law, to fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Water Service provided by the Water System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Water System Revenues equal to one hundred fifteen percent (115%) of Debt Service for such Fiscal Year allocable to the Water System; and (b) to the fullest extent permitted by law, to fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Wastewater Service provided by the Wastewater System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Wastewater System Revenues equal to one hundred fifteen percent (115%) of Debt Service for such Fiscal Year allocable to the Wastewater System.

For avoidance of doubt, so long as the District has complied with its obligations set forth in subsection (a) and (b) above, the failure of Net Water System Revenues or Net Wastewater System Revenues to meet the thresholds set forth in (a) or (b) above at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the District has complied with (a) and (b) above at the commencement of the succeeding Fiscal Year.

Additional Contracts and Bonds Tests. The Installment Purchase Agreement permits the District to execute any Contracts or issue any Bonds payable from Net Revenues on a parity with the obligation to make

Installment Payments, provided that certain conditions are satisfied as herein described. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2026A CERTIFICATES—Additional Indebtedness."

The Installment Purchase Agreement also permits the District to incur evidences of indebtedness or incur other obligations for any lawful purpose which are payable from and secured by a pledge of lien on Net Revenues subordinate in all respects to the pledge of and lien thereon under the Installment Purchase Agreement.

No Reserve Fund. No Reserve Fund has been established or will be funded with respect to the 2026A Certificates.

Prepayment. The 2026A Certificates are subject to optional and mandatory prepayment as described herein.

Continuing Disclosure

The District has covenanted in a Continuing Disclosure Certificate for the benefit of the holders and beneficial owners of the 2026A Certificates to provide certain financial information and operating data relating to the District by not later than March 31 following the end of its Fiscal Year (commencing March 31, 2027), and to provide notices of the occurrence of certain enumerated events. The Annual Reports and the notices of enumerated events will be filed by the District with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system. The specific nature of the information to be contained in the Annual Reports and the notice of enumerated events is set forth hereto in Appendix E —"FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the caption "THE WATER SYSTEM OF THE DISTRICT—Future Water System Improvements," "—Projected Operating Results and Debt Service Coverage," "THE WASTEWATER SYSTEM OF THE DISTRICT—Future Wastewater System Improvements," "—Future Recycled Water System Improvements," "—Projected Operating Results and Debt Service Coverage" and "FINANCIAL INFORMATION OF THE DISTRICT" herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Miscellaneous

The summaries and references to the Trust Agreement, the Installment Purchase Agreement and all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary or reference is qualified in its entirety by reference to the full Trust Agreement, Installment Purchase Agreement and each such document, statute, report or instrument, copies of which are available for inspection at the offices of the District in Placerville, California and will be available from the Trustee upon request and payment of duplication cost. The District regularly prepares a variety of reports, including audits, budgets and related documents. Any 2026A Certificate Owner may obtain a copy of such report, as available, from the Trustee or the District.

Unless otherwise indicated, all financial and statistical information herein has been provided by the District.

PLAN OF FINANCE

The Project

The proceeds of the 2026A Certificates are expected to be used by the District to pay for a portion of the costs of a new administrative building for the District, as well as the acquisition and construction of two water booster stations for the Water System (collectively, the "Project"). The District currently expects to receive all necessary environmental and other approvals in connection with the Project in a timely manner and consistent with its expenditure of the 2026A Certificates proceeds described above.

Pursuant to the terms of the Installment Purchase Agreement, the District has the right to substitute projects for the Project. See Appendix B—"DEFINITIONS AND SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INSTALLMENT PURCHASE AGREEMENT— ACQUISITION OF THE PROJECT—Changes to the Project." The District currently expects to commence construction of the new administrative building in September 2026, with a construction period of approximately 15 months, and currently expects to complete construction of all components of the Project described above by the spring of 2028.

Estimated Sources and Uses of Funds

The following table sets forth the estimated sources and uses of the proceeds of the 2026A Certificates:

Sources:	
Principal Amount	
Plus Net Original Issue Premium	
Total Sources	
Uses:	
Deposit to Acquisition Fund	
Underwriter's Discount	
Deposit to Costs of Issuance Fund(1)	
Total Uses	

(1) Includes certain legal, financing and printing costs.

THE 2026A CERTIFICATES

General Provisions

The 2026A Certificates will be executed and delivered in the aggregate principal amount of $__________*. The 2026A Certificates will be dated as of the date of initial delivery thereof (the "Delivery Date"), will represent interest from such date at the rates per annum set forth on the inside front cover page hereof, payable semiannually on each February 1 and August 1, commencing February 1, 2027 (each, a "Payment

* *Preliminary, subject to change.*

Date"), and will mature on the dates set forth on the inside front cover page hereof. Interest with respect to the 2026A Certificates will be computed on the basis of a 360-day year of twelve thirty-day months.

The 2026A Certificates will be delivered only in fully registered form and, when executed and delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2026A Certificates. Ownership interests in the 2026A Certificates may be purchased in book-entry form, in denominations of $5,000 or any integral multiple thereof. See the caption "—Book-Entry Only System" below and Appendix D attached hereto.

In the event the book-entry only system described below is discontinued, the principal and prepayment premium (if any) evidenced by any 2026A Certificates are payable by check of the Trustee upon presentation and surrender thereof at maturity or upon prior prepayment at the Designated Corporate Trust Office of the Trustee in San Francisco, California (the "Designated Corporate Trust Office of the Trustee"). Interest with respect to the 2026A Certificates shall be payable by check of the Trustee mailed by first class mail on each Payment Date of the 2026A Certificates to the respective 2026A Certificate Owners of record thereof as of the close of business on the fifteenth day of the calendar month preceding such Payment Date (the "Record Date"), whether or not such day is a Business Day at the addresses shown on the books required to be kept pursuant to the Trust Agreement or, upon the written request received by the Trustee of an Owner of at least $1,000,000 in aggregate principal amount of the 2026A Certificates, by wire transfer of immediately available funds to an account in the United States designated by such Owner prior to the applicable Record Date.

Interest with respect to the 2026A Certificates shall be payable from the Payment Date preceding their date of execution, unless such date shall be after a Record Date and on or before the succeeding Payment Date, in which case interest shall be payable from such Payment Date or unless such date shall be on or before January 15, 2027, in which case interest shall be payable as of the date of initial delivery thereof provided, however, that if, as shown by the records of the Trustee, interest represented by the 2026A Certificates shall be in default, 2026A Certificates executed in exchange for 2026A Certificates surrendered for transfer or exchange shall represent interest from the last date to which interest has been paid in full or duly provided for with respect to the 2026A Certificates, or, if no interest has been paid or duly provided for with respect to the 2026A Certificates, as of the date of initial delivery thereof.

Book-Entry Only System

Prior to the execution and delivery of the 2026A Certificates, the District may provide that such 2026A Certificates shall be initially executed and delivered as book-entry 2026A Certificates. If the District shall elect to deliver any 2026A Certificates in book-entry form, then the District shall cause the delivery of a separate single fully registered certificate (which may be typewritten) for each maturity date of such 2026A Certificates in an authorized denomination corresponding to that total principal amount of the 2026A Certificates designated to mature on such date. Upon initial execution and delivery, the ownership of each such 2026A Certificate shall be registered in the 2026A Certificate registration books in the name of the Nominee, as nominee of the Depository and ownership of the 2026A Certificates, or any portion thereof may not thereafter be transferred except as provided in the Trust Agreement.

With respect to book-entry 2026A Certificates, the District and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry 2026A Certificates. Without limiting the immediately preceding sentence, the District and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book-entry 2026A Certificates, (ii) the delivery to any Participant or any other person, other than an Owner as shown in the 2026A Certificate registration books, of any notice with respect to book-entry 2026A Certificates, including any notice of prepayment, (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry 2026A Certificates to be prepaid in the event the District prepays the 2026A Certificates in part, or (iv) the payment by the Depository or any Participant or any other person, of any amount with respect to principal, premium, if any, or interest with respect to book-entry 2026A Certificates. The District and the Trustee may treat and consider the person in whose name each book-entry 2026A Certificate is registered in the 2026A Certificate registration books as the absolute Owner of such book-entry 2026A Certificate for the purpose of payment of principal, premium, if any, and interest with respect to such 2026A Certificate, for the purpose of giving notices of prepayment and other matters with respect to such 2026A Certificate, for the purpose of registering transfers with respect to such 2026A Certificate, and for all other purposes whatsoever. The Trustee shall pay all principal, premium, if any, and interest with respect to the 2026A Certificates only to or upon the order of the respective Owner, as shown in the 2026A Certificate register, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and interest evidenced and represented by the 2026A Certificates to the extent of the sum or sums so paid. No person other than an Owner, as shown in the 2026A Certificate registration books, shall receive a 2026A Certificate evidencing the obligation to make payments of principal, premium, if any, and interest evidenced and represented by the 2026A Certificates. Upon delivery by the Depository to the Owner and the Trustee, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions in the Trust Agreement with respect to Record Dates, the word Nominee in this Agreement shall refer to such nominee of the Depository.

Transfers and Exchanges Upon Termination of Book-Entry Only System

Any 2026A Certificate may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of the Trust Agreement, by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such 2026A Certificate for cancellation at the Designated Corporate Trust Office of the Trustee, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee.

Whenever any 2026A Certificate or 2026A Certificates shall be surrendered for transfer, the Trustee shall execute and deliver a new 2026A Certificate or 2026A Certificates of the same maturity, for a like aggregate principal amount and of authorized denomination or denominations. The Trustee may charge a sum for each new 2026A Certificate executed and delivered upon any transfer. The Trustee may require the payment by any 2026A Certificate Owner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer. Following any transfer of 2026A Certificates the Trustee shall cancel and dispose of the 2026A Certificates it has received, in accordance with its then customary practices.

2026A Certificates may be exchanged at the Designated Corporate Trust Office of the Trustee, for a like aggregate principal amount of 2026A Certificates of other authorized denominations of the same maturity. The Trustee may charge a sum for each new 2026A Certificate executed and delivered upon any exchange except in the case of any exchange of temporary 2026A Certificates for definitive 2026A Certificates. The Trustee may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. Following any exchange of 2026A Certificates the Trustee shall cancel and dispose of the 2026A Certificates it has received, in accordance with its then customary practices.

The Trustee shall not be required to register the exchange, or transfer pursuant to the Trust Agreement, of any 2026A Certificate (i) within 15 days preceding selection of 2026A Certificates for prepayment or (ii) selected for prepayment.

Prepayment of the 2026A Certificates

Optional Prepayment. The 2026A Certificates with stated maturities on or after February 1, 20__ are subject to prepayment prior to such stated maturity, as a whole or in part on any date in the order of maturity as directed by the District in a Written Request provided to the Trustee not more than 60 days nor less than 20 days prior to such date and by lot within each maturity in integral multiples of $5,000, on or after February 1, 20__, from amounts prepaid by the District pursuant to the Installment Purchase Agreement at a Prepayment Price equal to the principal amount of such 2026A Certificates to be prepaid plus accrued interest evidenced and represented thereby to the date fixed for prepayment without premium.

Mandatory Sinking Fund Prepayment. The 2026A Certificates with a stated maturity on February 1, 20__ are subject to mandatory sinking fund prepayment prior to such stated maturity, by lot, on February 1, 20__ in integral multiples of $5,000 solely from the scheduled Installment Payment paid by the District under the Installment Purchase Agreement, at a Prepayment Price equal to the principal amount thereof (together with accrued interest evidenced to the date fixed for prepayment), without premium, in accordance with the following schedule:

Prepayment Date (February 1)	***Principal Amount***
(maturity)	

The 2026A Certificates with a stated maturity on February 1, 20__ are subject to mandatory sinking fund prepayment prior to such stated maturity, by lot, on February 1, 20__ in integral multiples of $5,000 solely from the scheduled Installment Payment paid by the District under the Installment Purchase Agreement, at a Prepayment Price equal to the principal amount thereof (together with accrued interest evidenced to the date fixed for prepayment), without premium, in accordance with the following schedule:

Prepayment Date (February 1)	***Principal Amount***
(maturity)	

Notice of Prepayment

Notice of prepayment shall be mailed, first class postage prepaid or provided through other electronically secure means to be determined by the District and communicated to the Trustee in writing, to the respective Owners of any 2026A Certificates designated for prepayment at their addresses appearing on the 2026A Certificate registration books and to the Information Services and by registered or certified or overnight mail to the Securities Depositories at least 20 days but not more than 60 days prior to the prepayment date.

Each notice of prepayment shall state the date of notice, the prepayment date, the place or places of prepayment and the Prepayment Price, shall designate the maturities, CUSIP numbers, if any, and, if less than all 2026A Certificates of any such maturity are to be prepaid, the serial numbers of the 2026A Certificates of such maturity to be prepaid by giving the individual number of each 2026A Certificate or by stating that all 2026A Certificates between two stated numbers, both inclusive, have been called for prepayment and, in the case of 2026A Certificates to be prepaid in part only, the respective portions of the principal amount thereof to be prepaid. Each such notice shall also state that on said date there will become due and payable with respect to each of said 2026A Certificates the Prepayment Price thereof or of said specified portion of the principal represented thereby in the case of a 2026A Certificate to be prepaid in part only, together with interest accrued with respect thereto to the prepayment date, and that (provided that moneys for prepayment have been deposited with the Trustee) from and after such prepayment date interest with respect thereto shall cease to accrue, and shall require that such 2026A Certificates be then surrendered to the Trustee. Any defect in the notice or the mailing thereof will not affect the validity of the prepayment of any 2026A Certificate.

Notice of prepayment of 2026A Certificates shall be given by the Trustee on behalf of and at the expense of the District.

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

MISSION SPRINGS WATER DISTRICT PAYMENT SCHEDULE

Set forth below is a schedule of District Installment Payments and payments with respect to other District Contracts and Bonds due during the period ending June 30 in each of the years indicated:

Year Ending June 30	*Installment Payments*			*District Contracts and Bonds*[(1)]	*Total Parity Payments*
	Principal	*Interest*	*Total*		
Total					

(1) Contracts and Bonds include approximately $__________ aggregate principal amount in Parity Payments. See the captions "INTRODUCTION" and "THE MISSION SPRINGS WATER DISTRICT—Other Outstanding Revenue Obligations."

Source: District.

SECURITY AND SOURCES OF PAYMENT FOR THE 2026A CERTIFICATES

Special Obligations Payable From Net Revenues

Under the Trust Agreement, all Installment Payments are irrevocably pledged to, and shall be used for, the punctual payment of the 2026A Certificates, and the Installment Payments shall not be used for any other purpose while any of the 2026A Certificates remain Outstanding. Under the Installment Purchase Agreement, all Revenues and all amounts on deposit in the Revenue Fund and the Rate Stabilization Funds are irrevocably pledged to the payment of the Installment Payments as provided therein and the Revenues shall not be used for any other purpose while any of the Installment Payments remain unpaid.

The Installment Purchase Agreement provides, that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted in the Installment Purchase Agreement. Said pledge, together with the pledge created for the benefit of other Bonds and Contracts, constitutes a lien on and security interest on Revenues and, subject to application of Revenues and all amounts on deposit in the Revenue fund and the Rate Stabilization Funds as permitted in the Installment Purchase Agreement, the Revenue Fund, the Rate Stabilization Funds and other funds and accounts created for the payment of the principal of and interest, and the premium, if any, on the Installment Payments in accordance with the terms of the Installment Purchase Agreement, and shall attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act and shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the District, irrespective of whether such parties have notice of the Installment Purchase Agreement.

In order to carry out and effectuate the pledge and lien contained in the Installment Purchase Agreement, the District has agreed and covenanted to receive all Revenues in trust and such Revenues shall be deposited when and as received in a special fund designated as the "Revenue Fund," which fund is continued thereunder and which fund the District agrees and covenants to maintain and to hold separate and apart from other funds so long as the Installment Payments remain unpaid. Moneys in the Revenue Fund shall be used and applied by the District as provided in the Installment Purchase Agreement. All moneys in the Revenue Fund shall be held in trust and shall be applied, used and withdrawn for the purposes set forth in the Installment Purchase Agreement.

The District shall, from the moneys in the Revenue Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as such Operation and Maintenance Costs become due and payable. All remaining moneys in the Revenue Fund shall applied by the District at the times for the transfer to the special funds in the order of priority set forth in the Installment Purchase Agreement; and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes set forth in the Installment Purchase Agreement.

THE OBLIGATIONS OF THE DISTRICT TO MAKE INSTALLMENT PAYMENTS ARE IRREVOCABLE OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM DISTRICT NET REVENUES BUT DO NOT CONSTITUTE OBLIGATIONS OF THE DISTRICT FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATIONS OF THE DISTRICT TO MAKE INSTALLMENT PAYMENTS DO NOT CONSTITUTE DEBT OF THE DISTRICT, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Rate Covenants

The Installment Purchase Agreement requires the District: (a) to the fullest extent permitted by law, to fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Water Service provided by the Water System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Water System Revenues equal to one hundred fifteen percent (115%) of Debt Service for such Fiscal Year allocable to the Water System; and (b) to the fullest extent permitted by law, to fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Wastewater Service provided by the Wastewater System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Wastewater System Revenues equal to one hundred fifteen percent (115%) of Debt Service for such Fiscal Year allocable to the Wastewater System.

For avoidance of doubt, so long as the District has complied with its obligations set forth in (a) and (b) above, the failure of Net Water System Revenues or Net Wastewater System Revenues to meet the thresholds set forth in (a) or (b) above at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the District has complied with (a) and (b) above at the commencement of the succeeding Fiscal Year.

The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Water System Revenues or Net Wastewater System Revenues, as applicable, from such reduced rates and charges are reasonably expected to be sufficient to meet the requirements of the Installment Purchase Agreement.

Additional Indebtedness

The Installment Purchase Agreement do not authorize the issuance of bonds or other obligations secured by Revenues on a senior basis to Bonds and Contracts (including the Installment Purchase Agreement). The

District may at any time execute any Contract or issue any Bonds, as the case may be, in accordance with the Installment Purchase Agreement; provided:

(i) The Net Revenues for the most recent audited Fiscal Year preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, as evidenced by both a calculation prepared by the District and a special report prepared by an Independent Certified Public Accountant or an Independent Municipal Advisor on such calculation on file with the District, shall have produced a sum equal to at least one hundred fifteen percent (115%) of the Debt Service for such Fiscal Year; and

(ii) The Net Revenues for the most recent audited Fiscal Year preceding the date of the execution of such Contract or the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Bonds, as the case may be, including adjustments to give effect as of the first day of such Fiscal Year to increases or decreases in rates and charges for the Water Service and Wastewater Service approved and in effect as of the date of calculation, as evidenced by a calculation prepared by the District, shall have produced a sum equal to at least one hundred fifteen percent (115%) of the Debt Service for such Fiscal Year plus the Debt Service which would have accrued on any Contracts executed or Bonds issued since the end of such Fiscal Year assuming such Contracts had been executed or Bonds had been issued at the beginning of such Fiscal Year, plus the Debt Service which would have accrued had such Contract been executed or Bonds been issued at the beginning of such Fiscal Year; and

(iii) The estimated Net Revenues for the then current Fiscal Year and for each Fiscal Year thereafter to and including the first complete Fiscal Year after the latest Date of Operation of any uncompleted Parity Project, as evidenced by a certificate of the General Manager of the District on file with the District, including (after giving effect to the completion of all such uncompleted Parity Projects) an allowance for estimated Net Revenues for each of such Fiscal Years arising from any increase in the income, rents, fees, rates and charges estimated to be fixed, prescribed or received for the Water Service and Wastewater Service and which are economically feasible and reasonably considered necessary based on projected operations for such period, as evidenced by a certificate of the General Manager on file with the District, shall produce a sum equal to at least one hundred fifteen percent (115%) of the estimated Debt Service for each of such Fiscal Years, after giving effect to the execution of all Contracts and the issuance of all Bonds estimated to be required to be executed or issued to pay the costs of completing all uncompleted Parity Projects within such Fiscal Years, assuming that all such Contracts and Bonds have maturities, interest rates and proportionate principal repayment provisions similar to the Contract last executed or then being executed or the Bonds last issued or then being issued for the purpose of acquiring and constructing any of such uncompleted Parity Projects.

Notwithstanding the foregoing, Bonds or Contracts may be issued or incurred to refund outstanding Bonds or Contracts if, after giving effect to the application of the proceeds thereof, total Debt Service will not be increased in any Fiscal Year in which Bonds or Contracts (outstanding on the date of issuance or incurrence of such refunding Bonds or Contracts, but excluding such refunding Bonds or Contracts) not being refunded are outstanding.

Notwithstanding satisfaction of the other conditions to the execution of any Contract or the issuance of Bonds set forth in the Installment Purchase Agreement, no such execution or issuance may occur if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such Event of Default shall be cured upon such execution or issuance.

No Reserve Fund for the 2026A Certificates

No Reserve Fund has been established or will be funded with respect to the 2026A Certificates.

Rate Stabilization Funds

There is established under the Installment Purchase Agreement a special fund designated as the "Wastewater System Rate Stabilization Fund" to be held and maintained by the District in trust thereunder, which fund the District has pledged to the payment of the Installment Payments and has agreed and covenanted to maintain and to hold separate and apart from other funds so long as any Installment Payments remain unpaid. On the date of the execution and delivery of the 2026A Certificates, the District expects approximately $150,000 to be on deposit in the Wastewater System Rate Stabilization Fund from Wastewater System Revenues received by the District prior to Fiscal Year 2026-27. Money transferred by the District from the Revenue Fund to the Wastewater System Rate Stabilization Fund in accordance with the Installment Purchase Agreement will be held in the Wastewater System Rate Stabilization Fund and applied in accordance with the Installment Purchase Agreement.

There is also established under the Installment Purchase Agreement a special fund designated as the "Water System Rate Stabilization Fund" to be held and maintained by the District in trust thereunder, which fund the District has pledged to the payment of the Installment Payments and has agreed and covenanted to maintain and to hold separate and apart from other funds so long as any Installment Payments remain unpaid. On the date of the execution and delivery of the 2026A Certificates, the District expects approximately $350,000 to be on deposit in the Water System Rate Stabilization Fund from Water System Revenues received by the District prior to Fiscal Year 2026-27. Money transferred by the District from the Revenue Fund to the Water System Rate Stabilization Fund in accordance with the Installment Purchase Agreement will be held in the Water System Rate Stabilization Fund and applied in accordance with the Installment Purchase Agreement.

The District may withdraw all or any portion of the amounts on deposit in the Wastewater System Rate Stabilization Fund or the Water System Rate Stabilization Fund and transfer such amounts to the Revenue Fund for application in accordance with the Installment Purchase Agreement or, in the event that all or a portion of Installment Payments are discharged in accordance with the Installment Purchase Agreement, transfer all or any portion of such amounts for application in accordance with the Installment Purchase Agreement. Amounts transferred from the Wastewater System Rate Stabilization Fund or the Water System Rate Stabilization Fund to the Revenue Fund pursuant to the Installment Purchase Agreement during or within 270 days after a Fiscal Year, may be taken into account as Wastewater System Revenues or Water System Revenues, as applicable for purposes of the calculations described under the captions "—Rate Covenant" and "—Additional Indebtedness" in such Fiscal Year.

Under certain circumstances, moneys received in one Fiscal Year may be required or permitted by GAAP to be recorded as revenue in a subsequent Fiscal Year, regardless of whether such moneys have been deposited in the Rate Stabilization Fund. See APPENDIX A—"ANNUAL COMPREHENSIVE FINANCIAL REPORT."

THE MISSION SPRINGS WATER DISTRICT

The District is a county water district originally formed in 1953 as the Desert County Water District under the provisions of the County Water District Law, comprising Division 12, Section 30000 *et seq*. of the State Water Code. The District was renamed the Mission Springs Water District in 1987 and has the power under the County Water District Law to, among other things, provide water and wastewater services within its service area. In connection therewith, the District has the powers of eminent domain, to contract, to construct works, to fix rates and charges for commodities or services furnished and to incur indebtedness.

The District's service area consists of approximately 135 square miles located on the upper side of the Coachella Valley in Riverside County and includes the City of Desert Hot Springs, a portion of the City of Palm Springs, and ten smaller communities in unincorporated Riverside County, including North Palm Springs, West Palm Springs Village and Palm Springs Crest. As of June 30, 2025, the District provided water service to approximately 13,882 residential, commercial, industrial, landscape and other accounts within the District's boundaries and wastewater collection and treatment service to approximately 9,713 residential, commercial and industrial accounts within the District's boundaries.

As of June 30, 2025, the District's water system operated approximately 279 miles of water pipelines, 24 water storage tanks with a total storage capacity of approximately 22.9 million gallons ("MG") and 15 groundwater wells with a total capacity of approximately 23.3 million gallons per day ("MGD").

The District's sole source of water is groundwater pumped from District-owned and operated wells in the Coachella Valley Groundwater Basin, primarily from the Mission Creek Subbasin, and to a lesser extent from the Indio Subbasin (Garnet Hill Subarea) and the San Gorgonio Pass Subbasin. Replenishment of the Coachella Valley Groundwater Basin is managed by the Coachella Valley Water District ("CVWD") and Desert Water Agency ("DWA") and the District pays certain amounts for its share of the costs to replenish the Mission Creek Subbasin, the Garnet Hill Subarea of the Indio Subbasin and the San Gorgonio Pass Subbasin, including the costs for CVWD and DWA to import water for such purposes. See the caption "THE WATER SYSTEM—Water Supply."

As of June 30, 2025, the District's wastewater system operated approximately 120 miles of sewer mains and three wastewater treatment plants. Wastewater is treated at the Alan L. Horton Wastewater Treatment Plant, the Desert Crest Wastewater Treatment Plant and the Nancy Wright Regional Water Reclamation Facility.

Service Area

The District's service area consists of approximately 135 square miles located on the upper side of the Coachella Valley in Riverside County and includes the City of Desert Hot Springs, a portion of the City of Palm Springs, and ten smaller communities in unincorporated Riverside County, including North Palm Springs, West Palm Springs Village and Palm Springs Crest. The District's service area includes a population of approximately 49,100.

The water distribution system includes three separate and distinct community systems including West Palm Springs Village, Village Crest, and Desert Hot Springs, with the largest being the Desert Hot Springs service area. The City of Desert Hot Springs makes up approximately 17 percent of the District's water service area (approximately 23 square miles) and a majority of the District's water service area population resides inside the City of Desert Hot Springs. Existing land uses within the District's water service area are a mixture of residential, commercial, industrial, institutional, and open space, however residential customers make up approximately 95% of the Water System's customer base.

The Wastewater System provides wastewater collection and treatment service to a population of approximately 26,000 in the City of Desert Hot Springs, Desert Crest Country Club, and Dillon Estates Mobile Home Park. Residential customers make up approximately 97% of the Wastewater System's customer base. The Wastewater System currently has approximately 120 miles of sewer mains, most of which have been constructed in the past two decades. There are currently a significant number of septic systems within the sewer service area, which the District is in the process of converting to sewer as funding becomes available.

Governance and Management

The District is governed by a five-member board of directors (the "Board of Directors"), the members of which are elected from separate divisions of the District for staggered 4-year terms. The current Board of Directors members, the expiration dates of their terms, and their occupations are set forth below:

Board of Directors Member	Expiration of Term
Amber Duff, President	December 2026
Robert Griffith, Vice President	December 2028
Ivan Sewell	December 2028
Russ Martin	December 2028
Ted Mayrhofen	December 2026

Day-to-day management of the District is delegated to the General Manager. The current General Manager is Brian Macy. Having joined the District in 2019 as the Assistant General Manager, he was appointed General Manager in January 2024. Mr. Macy has more than 30 years of engineering and management experience overseeing operations and the strategic planning of water districts and previously served as the General Manager of the Indio Water Authority (from 2013-2018) and the Assistant General Manager at Elsinore Valley Municipal Water District (from 2018-2019). Mr. Macy holds a Master's Degree in Public Administration from San Diego State University and a Bachelor of Science degree in Civil Engineering from Ohio Northern University. He is also a licensed civil engineer in California and Ohio.

Employees and Employee Benefits

Employees. As of June 30, 2025, the District had 54 full-time equivalent employees. No employees of the District are presently represented by a union. The District has never experienced a work stoppage or other employee action.

Plan Description. All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the "Plan" or "PERF C") administered by the California Public Employees' Retirement System ("CalPERS"). The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District sponsors two miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

Benefits Provided. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law ("PERL"), the California Public Employees' Pension Reform Act of 2013 ("PEPRA"), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The District participates in one CalPERS plan for employees who were hired before January 1, 2013 and one CalPERS plan for employees who were hired on or after January 1, 2013 and who were not previously CalPERS members. The Plan's provisions and benefits in effect as of June 30, 2025 are summarized as follows:

Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit Formula	2.7% @ 55	2% @ 62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50-55	52-67
Monthly Benefits, as a % of Eligible Compensation	2.0% to 2.7%	1.0% - 2.5%
Required Employer Contribution Rates	15.24%	7.87%

Contributions. Section 20814(c) of the PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer contributions to the Plan for the fiscal year ended June 30, 2025 were $1,241,197.

Net Pension Liability. The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varied by Entry Age and Service
Mortality Rate Table[(1)]	Derived using CalPERs' membership data for all funds
Post-Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

(1) The mortality table used w as developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

Pension plan fiduciary net position. Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The following table shows the District's proportionate share of the net pension liability over the measurement period.

	Plan Total Pension Liability (a)	***Plan Fiduciary Net Position (b)***	***Plan Net Pension (c)=(a)-(b)***
Balance at June 30, 2023 (Valuation Date)	$ 31,144,302	$ 22,477,054	$ 8,667,248
Balance at June 30, 2024 (Measurement Date)	34,243,567	25,656,320	8,587,247
Net Changes during 2023-24	$ 3,099,265	$ 3,179,266	$ (80,001)

The District's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov.

The District's proportionate share of the net pension liability for the Miscellaneous Plan as of the June 30, 2023 and 2024 measurement dates was as follows:

	Deferred Outflows of Resources
Proportionate share June 30, 2023	0.17333%
Proportionate share June 30, 2024	0.17755
Change – Increase (Decrease)	0.00422

Sensitivity of the proportionate share of the Net Pension Liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability of the Miscellaneous Plan as of the measurement date, calculated using the discount rate of 6.90 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	Discount Rate – 1% (5.90 %)	***Current Discount Rate (6.90%)***	***Discount Rate + 1% (7.90%)***
Net Pension Liability	$13,208,087	$8,587,247	$4,783,615

Pension expense and deferred outflows and deferred inflows of resources related to pensions. As of the start of the measurement period (July 1, 2023), the District's net pension liability was $8,667,248. For the measurement period ending June 30, 2024 (the measurement date), the District incurred a pension expense of $1,769,170.

As of June 30, 2025, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	***Deferred Inflows of Resources***
Differences Between Expected and Actual Experience	$ 742,446	$ 28,970
Changes of Assumptions	220,710	--
Difference Between Projected and Actual Earnings on	494,357	--

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Plan Investments		
Change in Employer's Proportion	57,133	61,014
Difference in Actual vs Projected Contributions Pension	182,490	21,077
Contributions Subsequent to Measurement Date	1,241,197	--
Total	$ 2,938,333	$ 111,061

Deferred Compensation Agreement. The District offers its employees a deferred compensation plan (DC Plan) created in accordance with Internal Revenue Code Section 457. The DC Plan, available to all of the District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency. All amounts of compensation deferred under the DC Plan are held in trust and are not subject to the creditors of the District. Accordingly, the assets and liabilities of the DC Plan are not reflected on the District's financial statements.

For additional information relating to the District CalPERS plan, see Note 7 to the District's audited financial statements for Fiscal Year 2025 attached hereto as Appendix A.

CalPERS Actuarial Calculations; Plans Funding Status; Projected Employer Contributions. Each year, CalPERS provides the District a report (each, a "CalPERS Report") providing the actuarial valuation (as of June 30 of the calendar year preceding the year of the CalPERS Report) for each of the District's Plans. *The following information is based on information available from CalPERS and the CalPERS Reports. The District has not independently verified the information provided by CalPERS and expresses no opinion regarding the accuracy of such information. CalPERS' actuarial assessments are based on various assumptions (including demographic assumptions and economic assumptions) made by PERS, its actuaries, accountants and other consultants. One or more assumptions may not materialize or be changed in the future. The District expresses no opinion regarding the quality of such assumptions and cannot provide any guarantee as to the eventual results.*

The tables below show the recent history of actuarial accrued liability, market value of assets, unfunded accrued liability, funded ratio and annual covered payroll for each of the District's CalPERs plans:

Miscellaneous Plan

Valuation Date	*Accrued Liability (AL)*	*Share of Pool's Market Value of Assets (MVA)*	*Unfunded Accrued Liability (UAL)*	*Funded Ratio*	*Annual Covered Payroll*
06/30/2015	$19,423,310	$13,571,511	$5,851,799	69.9%	$2,630,952
06/30/2016	20,372,821	13,498,330	6,874,491	66.3	2,536,739
06/30/2017	21,811,406	15,219,266	6,592,140	69.8	3,029,654
06/30/2018	23,741,366	16,585,951	7,155,415	69.9	3,128,743
06/30/2019	25,485,032	18,322,460	7,162,572	71.9	3,292,984
06/30/2020	26,765,675	19,344,361	7,421,314	72.3	3,900,487
06/30/2021	27,947,099	22,797,127	5,149,972	81.6	3,886,162
06/30/2022	30,222,376	21,415,993	8,806,383	70.9	4,251,027
06/30/2023	33,207,735	23,698,609	9,509,126	71.4	4,943,422
06/30/2024	35,332,066	25,985,952	9,346,114	73.5	4,780,260

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

Beginning in Fiscal Year 2018, CalPERS began collecting employer contributions toward a pension plan's unfunded liability as dollar amounts instead of the prior method of a percentage of payroll. According to CalPERS, this change was intended to address potential funding issues that could arise from a declining payroll or a reduction in the number of active members in the plan. Funding the unfunded liability as a percentage of payroll could lead to underfunding of pension plans. Due to stakeholder feedback regarding internal needs for total contributions expressed as an estimated percentage of payroll, the CalPERS Reports include such results in the contribution projection for informational purposes only. Contributions toward a pension plan's unfunded liability will continue to be collected as set dollar amounts.

The District's required contributions to CalPERS fluctuate each year and include a normal cost component and a component that is equal to an amortized amount of the unfunded liability. Many assumptions are used to estimate the ultimate liability of pensions and the contributions that will be required to meet those obligations. The CalPERS Board of Administration has adjusted and may in the future further adjust certain assumptions used in the CalPERS actuarial valuations, which adjustments may increase the District's required contributions to CalPERS in future years. Accordingly, the District cannot provide any assurances that the District's required contributions to CalPERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions. CalPERS earnings reports for Fiscal Years 2013 through 2024 report investment gains (and losses) of approximately 13.2%, 18.4%, 2.4%, 0.6%, 11.2%, 8.6%, 6.7%, 4.7%, 21.3%, (6.1%), 5.8% and 9.3%, respectively. CalPERS preliminary earnings report for Fiscal Year 2024-25 reported investment gains of approximately 11.6%. Future earnings performance may increase or decrease future contribution rates for plan participants, including the District.

On December 21, 2016, the CalPERS Board of Administration voted to lower its discount rate from 7.50% to 7.00% over a three period. For public agencies such as the District, the new discount rate took effect July 1, 2017. Lowering the discount rate means that employers which contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013 will also see their contribution rates rise under PEPRA. The reduction of the discount rate will result in average employer rate increases of approximately 1% to 3% of normal cost as a percentage of payroll for most retirement plans such as the District's plans. Additionally, many employers will see a 30% to 40% increase in their current unfunded accrued liability payments (relative to the unfunded accrued liability payments projected in the June 30, 2015 valuation report) for pension plans. These payments are made to amortize unfunded liabilities over 20 years to bring pension funds to a fully funded status over the long-term.

The announcement on July 12, 2021 that CalPERS achieved investment returns of 21.3% in Fiscal Year 2021 caused the CalPERS Board of Administration to lower CalPERS' discount rate from 7.00% to 6.80% in fall 2021 in accordance with a risk mitigation policy that was adopted in 2015, which calls for the discount rate to be lowered if returns exceed the then-current discount rate by two or more percentage points. Lowering the discount rate means that employers that contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013 who were not previously CalPERS members will also see their contribution rates rise under PEPRA.

The tables below are derived from CalPERS' annual valuation report as of June 30, 2024 for the District's CalPERs plans, which were completed in July 2025, and show the required and projected employer contributions (before cost sharing) for the next six fiscal years. Projected results reflect the adopted changes to the discount rate described in the CalPERS annual valuation reports. Such projections also assume that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. The projected normal cost percentages in the projections below does not reflect that the normal cost will decline over the time as new employees are hired into lower cost benefit tiers after the passage of PEPRA.

The following projections assumed the investment return for Fiscal Year 2024-25 would be 6.8%. However, CalPERS announced preliminary investment returns of 11.6% for Fiscal Year 2024-25. As a result, the actual contribution requirements for the Fiscal Years 2026-27 and the following years shown below can be expected to differ from such projections.

Plan	Covered Payroll June 30, 2024	Required Contribution 2026-27	Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2024-25 and Beyond) 2027-28	2028-29	2029-30	2030-31	2031-32
			Normal Cost Rates(Percentage of Payroll				
Classic Plan	$2,095,629	15.28%	15.3%	15.3%	15.3%	15.3%	15.3%
PEPRA Plan	21,684,631	7.93%	7.9%	7.9%	7.9%	7.9%	7.9%
	UAL Payment	$907,236	$942,000	$1,031,000	$1,039,000	$1,043,000	$1,063,000

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

Information regarding CalPERS' administration of the plans, actuarial methods assumptions and asset valuation can be obtained from CalPERS at Lincoln Plaza North, 400 Q Street Sacramento, California 95811 or (888) 225-7377. The annual comprehensive financial reports of CalPERS are available on CalPERS' website at www.calpers.ca.gov. *The website reference is for informational purposes only. None of the content of the website is any way incorporated into this Official Statement. The District makes no representation concerning, and does not take any responsibility for, the accuracy or timeliness of information posted on such website or the continued maintenance of such website*.

Budget Process

The District operates under the authority of the California Water Code. It maintains and prepares its financial statements and budgets using the accrual basis of accounting as prescribed by Generally Accepted Accounting Principles ("GAAP") and reporting standards applicable to California governmental agencies. The District makes an allocation of all general and administrative costs to the water district, sewer district, and to capital improvements based on a percentage of labor hours. The allocations are made monthly. The Board of Directors approves an annual budget on or before June 30 for the ensuing fiscal year. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various departments. Budgets are prepared annually using the zero-base method. The Board of Directors may approve supplemental budget requests. The General Manager may transfer funds between general ledger accounts within the operating budgets if the total budget is not affected. The District's budget for Fiscal Year 2025-26 was adopted on June 16, 2025 and the District's budget for Fiscal Year 2026-27 is expected to be presented to the Board of Directors on June 15, 2026.

An independent auditor annually audits all District funds by June 30 of the following fiscal year. The District annually submits an Annual Comprehensive Financial Report ("ACFR") to the Government Finance Officers Association of the United States and Canada for review.

District Insurance

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters. It is a member of the Association of California Water Agencies Joint Powers Insurance Authority (the "Insurance Authority"). The Insurance Authority is a risk-pooling, self-insurance authority, created under the provisions of California Government Code Sections 6500 *et seq*. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

On June 30, 2025, the District participated in the self-insurance program of the Insurance Authority as follows:

Property Loss – The Insurance Authority has pooled self-insurance up to $150,000,000 per occurrence, except for Earthquake at $2,500,000 program aggregate and flood at $25,000,000 per occurrence and has purchased excess insurance coverage up to $150,000,000 (total insurable value of $9,462,972), with deductibles ranging from $2,500 to $100,000.

General, Auto and Public Officials Errors and Omissions Liability – The Insurance Authority has pooled self-insurance up to $5,000,000 and has purchased excess insurance coverage up to $55,000,000, except for Terrorism at $5,000,000 per occurrence, Communicable Disease at $10,000,000 per occurrence and Subsidence, Lead and Mold at $45,000,000 per occurrence.

Cyber Liability – The Insurance Authority has pooled self-insurance up to $3,000,000 per occurrence subject to a $5,000,000 aggregate limit.

Crime Insurance – The Insurance Authority has pooled self-insurance up to $100,000 per occurrence and a deductible of $1,000.

Excess Crime Insurance – The Insurance Authority has pooled self-insurance up to $1,000,000 per occurrence and a deductible of $100,000.

Workers' Compensation – The Insurance Authority has pooled self-insurance up to $2,000,000 and purchases excess coverage for California Statutory Limits with a $4,000,000 program aggregate limit for employers' liability coverage.

There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

For additional information relating to the District's insurance coverage, see Note 11 to the District's audited financial statements for Fiscal Year 2024-25 attached hereto as Appendix A.

Other Outstanding Revenue Obligations

No Senior Obligations. The District has no obligations that are payable from Net Revenues on a senior basis to the District's obligations to make the Installment Payments under the Installment Purchase Agreement.

Parity Obligations. Following the execution and delivery of the Installment Purchase Agreement and the Certificates, the District will have no obligations that are payable from Net Revenues on a parity with the District's obligations to make the Installment Payments under the Installment Purchase Agreement. See, however, "—State Water Resources Control Board Loan" for a description of an obligation of the District payable only from Wastewater System Revenues on a parity with the Installment Payments.

State Water Resources Control Board Loan. In August 2012 (and later amended in January 2013), the District entered into a financing agreement with the California State Water Resources Control Board (the "SWRCB") for a total amount of $9,957,921 for the purpose of financing Assessment District #12, Phase 3 costs. This program is a loan from the State Revolving Fund of which 50% of the principal amount was forgiven. The interest rate on the loan is 2.2% with principal and interest payments due annually on January 31 beginning in 2015, final payment is due January 31, 2034. As of June 30, 2025, the loan was outstanding in the amount of $2,689,105. The loan is payable only from Wastewater System Revenues on a parity with the Installment Payments.

1% Property Tax Revenues

General. The County levies a 1% *ad valorem* property tax on behalf of all taxing agencies in the County, including the District. The taxes collected are allocated to taxing agencies within the County, including the District, on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership and inflation) prorated among the jurisdictions, which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas, which were developed to permit the levying of taxes for less than countywide or less than citywide special districts.

For Fiscal Year 2024-25, the allocation of the 1% *ad valorem* property tax received by the District (the "1% Property Tax Revenues") was $4,467,738 compared to $2,535,108 in Fiscal Year 2023-24. 1% Property Tax Revenues as a percentage of the total revenues of the District averaged approximately 10% over the last five Fiscal Years.

From time to time legislation has been considered as part of the State budget to shift 1% Property Tax Revenues from special districts to school districts or other governmental entities. As a result of the State fiscal year 2009-10 budget, which included a shift of approximately 8% of the 1% Property Tax Revenues (other than unitary taxes) from certain local agencies, including the District, to school districts and other governmental agencies, the District was subject to a shift of 1% Property Tax Revenues away from the District of approximately $145,991. Such amount was received in 2013, plus interest at the rate of 2% per annum.

On November 2, 2010, California voters approved Proposition 22, which: (i) prohibits the State of California from shifting or delaying the distribution of funds from special districts to schools and community colleges; (ii) eliminates the authority to shift property taxes temporarily during a severe financial hardship of the State; and (iii) restricts the State's authority to use fuel tax revenues to pay debt service on transportation bonds, to borrow or change the distribution of fuel tax revenues or to use Vehicle License Fee revenues to reimburse local governments for state-mandated costs.

Despite the passage of Proposition 22, there can be no assurance that 1% Property Tax Revenues which the District currently expects to receive will not be temporarily shifted from the District or reduced pursuant to State legislation enacted in the future. If the property tax formula is permanently changed in the future, it could have a material adverse effect on the receipt of its share of 1% Property Tax Revenues by the District.

Notwithstanding Proposition 22, there can be no assurance that the 1% Property Tax Revenues the District currently expects to receive will not be reduced pursuant to State legislation enacted in the future. If the property tax formula is permanently changed in the future, it could have a material adverse effect on the receipt of 1% Property Tax Revenues by the District. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2026A CERTIFICATES—Special Obligations Payable from Net Revenues" for a discussion of the extent to which 1% Property Tax Revenues are available to make the Installment Payments.

A portion of the 1% Property Tax Revenues received by the District are restricted to the Water System and a portion are restricted to the Wastewater System, with the remainder allocated by the District on an annual basis between the Water System and the Wastewater System based on proportional expenses. The discretionary portion of the 1% Property Tax Revenues received by the District is generally allocated annually between the Water and Wastewater Systems approximately 65% to the Water System and approximately 35% to the Wastewater System. The District allocated 1% Property Tax Revenues for the Fiscal Year ending 2024-25 as shown in the table below.

Mission Springs District
1% Property Tax Revenue Allocations By System
Fiscal Year Ended June 30, 2025

Fund	***Allocation of Total Property Tax Revenues***	***Percentage of Allocation By Funding Purpose***
Water System	$2,446,734	54.76%
Wastewater System	$2,021,004	45.24%

Assessed Valuations and Tax Collections. The following tables show secured assessed valuations within the District, 1% Property Tax Revenues received by the District during the five most recent Fiscal Years and amounts allocated to the Water and Wastewater Systems. The District allocates 1% Property Tax Revenues among the Water and Wastewater Systems on a year-to-year basis in proportion to the percentage of properties within the District's boundaries that receive water service or wastewater service, respectively.

As a result of the implementation of the tax distribution system that is commonly referred to as the "Teeter Plan" by the County (Section 4701 *et seq.* of the State Revenue and Taxation Code) and participation by the District, the District receives 100% of its share of the County 1% Property Tax Revenues without regard to delinquencies, and the District receives no late payment penalty revenues. There can be no assurance that the Teeter Plan or the District's participation therein will be continued indefinitely.

Mission Springs Water District
Property Tax Revenues(1)

Fiscal Year	***Secured Assessed Valuation within District***	***General 1% Property Tax Allocated to District***	***Amount Allocated to Water System***	***Amount Allocated to Wastewater System***
2021	$2,882,796,468	$2,129,487	$ 746,562	$1,382,925
2022	3,075,737,972	2,330,086	870,063	1,460,023
2023	3,470,380,541	2,734,186	1,018,872	1,715,314
2024	3,865,196,498	2,535,108	648,745	1,886,363
2025	4,198,472,810	4,467,738	2,021,004	2,446,734

Source: The District.

THE WATER SYSTEM OF THE DISTRICT

General

The District's service area consists of approximately 135 square miles located on the upper side of the Coachella Valley in Riverside County and includes the City of Desert Hot Springs, a portion of the City of Palm Springs, and ten smaller communities in unincorporated Riverside County, including North Palm Springs, West Palm Springs Village and Palm Springs Crest. As of June 30, 2025, the District provided water service to approximately 13,882 residential, commercial, industrial, landscape and other accounts within the District's boundaries.

The water distribution system includes three separate and distinct community systems including West Palm Springs Village, Village Crest, and Desert Hot Springs, with the largest being the Desert Hot Springs service area. The City of Desert Hot Springs makes up approximately 17 percent of the District's water service area (approximately 23 square miles) and a majority of the District's water service area population resides inside the City of Desert Hot Springs. Existing land uses within the District's water service area are a mixture of residential, commercial, industrial, institutional, and open space, however residential customers make up approximately 95% of the Water System's customer base.

As of June 30, 2025, the District's water system operated approximately 279 miles of water pipelines, 24 water storage tanks with a total storage capacity of approximately 22.9 MG and 15 groundwater wells with a total capacity of approximately 23.3 MGD.

The District's sole source of water is groundwater pumped from District-owned and operated wells in the Coachella Valley Groundwater Basin, primarily from the Mission Creek Subbasin, and to a lesser extent from the Indio Subbasin (Garnet Hill Subarea) and the San Gorgonio Pass Subbasin. Replenishment of the Coachella Valley Groundwater Basin is managed by CVWD and DWA and the District pays certain amounts for its share of the costs to replenish the Mission Creek Subbasin, the Garnet Hill Subarea of the Indio Subbasin and the San Gorgonio Pass Subbasin, including the costs for CVWD and DWA to import water for such purposes. See the caption "—Water Supply."

Water Supply

General. The Water System's sole source of water is groundwater pumped from District-owned and operated wells in the Coachella Valley Groundwater Basin, primarily from the Mission Creek Subbasin, and to a lesser extent from the Indio Subbasin (Garnet Hill Subarea) and the San Gorgonio Pass Subbasin. From 2021 through 2025, approximately 98% of the groundwater pumped for the Water System was from the Mission Creek Subbasin.

The Coachella Valley Groundwater Basin, as described in DWR Bulletin 118, is bounded on the east by the non-water-bearing crystalline rocks of the San Bernardino and Little San Bernardino Mountains, and on the west by the crystalline rocks of the San Jacinto and Santa Rosa Mountains. The trace of the Banning fault on the north side of San Gorgonio Pass forms the upper boundary. At the west end of the San Gorgonio Pass, between Beaumont and Banning, the basin boundary is defined by a surface drainage divide separating the Coachella Valley Groundwater Basin from the Beaumont Groundwater Basin of the Upper Santa Ana drainage area. The southern boundary is formed primarily by the watershed of the Mecca Hills and by the northwest shoreline of the Salton Sea running between the Santa Rosa Mountains and Mortmar. Between the Salton Sea and Travertine Rock, at the base of the Santa Rosa Mountains, the lower boundary coincides with the Riverside-Imperial County Line. South of the southern boundary, at Mortmar and at Travertine Rock, the subsurface materials are predominantly fine grained and low in permeability; although groundwater is present, it is not readily extractable. A zone of transition exists at these boundaries; to the north, the subsurface materials are coarser and provide groundwater more readily.

In 1964, DWR estimated that the Coachella Valley Groundwater Basin contained a total of approximately 39.2 million acre-feet ("AF") of water in the first 1,000 feet below the ground surface, much of which originated as runoff from the surrounding mountains. Of this total, approximately 29.8 million AF was stored in the Indio Subbasin and approximately 2.6 million AF was in the Mission Creek Subbasin. However, the amount of water in the Coachella Valley Groundwater Basin decreased over the years because groundwater pumping to serve urban, rural, and agricultural development in the Coachella Valley withdrew water at a rate exceeding the Coachella Valley Groundwater Basin's recharge. Since the late 2000's, the Coachella Valley Groundwater Basin has seen significant groundwater level increases relative to historic lows.

Although there is interflow of groundwater throughout the Coachella Valley Groundwater Basin, fault barriers, constrictions in the Basin profile, and areas of low permeability limit and control movement of groundwater. Based on these factors, the Basin has been divided into subbasins and subareas as described by DWR in 1964 and the USGS in 1971. The boundaries between subbasins are generally based upon faults that are effective barriers to the lateral movement of groundwater. Minor subareas have also been delineated, based on one or more of the following geologic or hydrologic characteristics: type of water bearing formations, water quality, areas of confined groundwater, forebay areas, groundwater flow divides, and surface drainage divides.

Four primary subbasins include Indio, Mission Creek, Desert Hot Springs, and San Gorgonio Pass. The subbasins, with their groundwater storage reservoirs, are defined without regard to water quantity or quality. They delineate areas underlain by formations which readily yield the stored water through water wells and offer natural reservoirs for the regulating water supply.

The Mission Creek Subbasin. Water-bearing materials underlying the Mission Creek upland comprise the 76-square mile Mission Creek Subbasin. The Subbasin is bounded on the south by the Banning fault and on the north and east by the Mission Creek fault. The Subbasin is bordered on the west by non-water bearing rocks of the San Bernardino Mountains. To the southeast are the Indio Hills, which consist of the semi water-bearing Palm Springs Formation. Both the Mission Creek fault and the Banning fault are effective barriers to groundwater movement, as evidenced by offset water levels, fault springs, and changes in vegetation. The wells drilled in this Subbasin pass through unconsolidated recent alluvium (sands and gravels forming the uppermost geologic formation in the subbasin) and semi-consolidated and interbedded sands, gravels and silts. Although these Pleistocene deposits are the main source of water, water also occurs in recent alluvium where the water table is sufficiently shallow. The Mission Creek Subbasin is considered an unconfined aquifer with a saturated thickness of 1,200 feet or more and an estimated total storage capacity on the order of 2.6 million AF. The Mission Creek Subbasin is naturally recharged by surface and subsurface flow from the Mission Creek, Dry, and Big Morongo Washes, the Painted Hills, and surrounding mountain drainages. Irrigation return flows and discharges from municipal and individual subsurface wastewater disposal systems also contribute to recharge.

Due to overdraft conditions in the Mission Creek Subbasin, CVWD and DWA began construction of facilities to replenish groundwater with imported State Water Project exchange water, delivered by with the Metropolitan Water District of Southern California ("MWD") via the Colorado River Aqueduct. Under the authority of their enabling legislation, the CVWD and DWA have each designated an "Area of Benefit" for the purpose of assessing groundwater replenishment charges on groundwater production from their respective management areas of the Mission Creek Subbasin. The funds derived from these charges recover costs of recharging State Water Project water that is exchanged with the MWD for Colorado River water from MWD's Colorado River Aqueduct ("State Water Project Exchange Water") at the Mission Creek Groundwater Replenishment Facility (the "Mission Creek GRF").

The Mission Creek GRF was completed and began operations in 2002 and is operated by CVWD and DWA through a cost sharing agreement, with a resolution of support from the District. The Mission Creek GRF receives State Water Project Exchange Water and consists of twelve percolation ponds located adjacent to Mission Creek. As of calendar year 2025, approximately 187,995 AF have been recharged in total and the Mission Creek GRF typically recharges approximately 7,000 AF per year. The District's service area overlying the Mission Creek Subbasin is within DWA's area of benefit, and the current DSWA assessment is $235 per acre-foot with a water loss adjustment (currently 4.54%, or $10.66) for a total DWA assessment of $245.66 per acre-foot, which is passed through to District Water System customers. See the caption "—Water System Rates and Charges."

CVWD, DWA, and the District jointly developed the 2013 Mission Creek/Garnet Hill Subbasins Water Management Plan (the "2013 MC/GH WMP") pursuant to a 2004 settlement agreement. The settlement agreement and the 2003 Mission Creek Groundwater Replenishment Agreement between CVWD and DWA specify that the available State Water Project supply will be allocated between the Mission Creek Subbasin and West Valley of the Indio Subbasin in proportion to the amount of groundwater produced or surface water diverted from the respective management areas during the preceding year.

According to the most recent Mission Creek Subbasin Annual Report prepared for the District, CVWD and DWA for Water Year 2024-25(the "2024-25 Annual Report"), during Water Year 2024-25, 12,898 AF of groundwater were extracted from 23 metered wells and minimal pumpers in the Mission Creek Subbasin. Because CVWD and DWA are authorized to collect replenishment assessment charges from groundwater producers, their respective legislations mandate the installation of water volume measuring devices on the wells of well owners that produce more than 25 acre-feet per year ("AFY") in CVWD's service area and more than 10 AFY in DWA's service area.

Local surface water is not used in the Mission Creek Subbasin and State Water Project Exchange Water is only used to replenish the aquifer. Wastewater is not currently recycled for direct use, but a portion of the treated wastewater percolates as return flow. Groundwater production within the Mission Creek Subbasin amounted to 12,898 AF in Water Year 2024-25. Additional groundwater production of 379 AF in the Garnet Hill Subarea of the Indio Subbasin was imported to partially meet the District's water demands in the Mission Creek subbasin. Exports included 6,379 AF of groundwater to the Desert Hot Springs Subbasin by CVWD and the District to meet municipal demands. Accounting for these imports and exports, the total direct use for Water Year 2024-25 within the Mission Creek Subbasin was 6,889 AF.

The groundwater balance for the Mission Creek Subbasin is a budget comparing the inflow components of groundwater into the Mission Creek Subbasin against the outflow components of groundwater out of the Mission Creek Subbasin during a specified period (typically one year). The difference between inflows and outflows for a given period is defined as the change in storage for that period.

According to the 2024-25 Annual Report, Mission Creek Subbasin inflows included 6,850 AF of natural inflows (e.g., mountain-front recharge, infiltration of surface water, and subsurface inflow from other basins), 4,324 AF of return flow from use (e.g., return from urban/ agriculture applications, percolation from septic tanks and wastewater treatment facilities), and 10,204 AF from artificial recharge of State Water Project Exchange Water at the Mission Creek GRF. The total inflow to the Mission Creek Subbasin in Water Year 2024-2025 was 21,378 AF. The Mission Creek Subbasin outflows included 12,898 AF of groundwater pumping and 3,571 AF of natural outflows (i.e., subsurface outflow to adjacent subbasins, evapotranspiration, and evaporative losses). The total outflow from the Mission Creek Subbasin in Water Year 2024-2025 was 16,469 AF. A comparison of the Mission Creek Subbasin inflows and outflows for Water 2024-25 indicates an annual increase in groundwater storage of 4,909 AF, which leads to a total estimated groundwater storage in the Mission Creek Subbasin as of Water Year 2024-25 of 2,600,000 AF.

The Mission Creek Subbasin inflows vary significantly from year to year due to the variability in mountain-front recharge and imported water replenishment deliveries. Replenishment activities vary annually in response to imported water availability. In the last five water years, replenishment ranged from zero AF in Water 2021-22 to 10,204 AF in Water 2024-25 and averaging approximately 3,450 AF per year. Years of high inflows correspond to wet years and high mountain-front recharge and/or when increased State Water Project deliveries occurred. Both the 10- and 20-year running average changes in groundwater storage have been relatively stable. The longer-term 20-year running average shows that the Mission Creek Subbasin has been in balance (i.e., no appreciable net change in storage) since 2013. A slight downward inflection in the 20-year running average for Water Year 2024-25 is caused by removal of more than 24,700 AF of recharge that occurred in 2005 from the 20-year average.

Total maximum daily production from the District's wells within the Mission Creek Subbasin is approximately 12,665 gallons per minute, which is sufficient to supply approximately 100% of the average daily demand within the Water System service area. In previous years, groundwater was not replenished after rainfalls because of a highly efficient stormwater management system that prevented stormwater runoff from seeping into the ground. As an unadjudicated basin, the District does not currently hold specific pumping rights or entitlements to the water held in the Mission Creek Subbasin but rather pumps supplies as needed to meet Water System demands.

Sustainable Groundwater Management Act. As an unadjudicated groundwater basin, the Mission Creek Subbasin is subject to the provisions of Assembly Bill No. 1739 and Senate Bill Nos. 1168 and 1319 (collectively, the Sustainable Groundwater Management Act, or "SGMA"), which was enacted on September 16, 2014. SGMA constitutes a Statewide legislative structure for local agencies to manage groundwater with the potential for State intervention if local efforts fail to meet prescribed requirements. DWR has designated the Indio, Mission Creek and San Gorgonio Pass Subbasins medium-priority subbasins under the SGMA and the Desert Hot Springs Subbasin has been designated a very-low-priority subbasin.

On December 29, 2016, the District, CVWD and DWA collaboratively submitted the 2013 Mission Creek-Garnet Hill Water Management Plan (the "2013 MC-GH WMP") and a bridge document to DWR. Together, those documents described how the 2013 MC-GH WMP and supporting documents met the requirements of the SGMA and thus could be considered an Alternative to a Groundwater Sustainability Plan under SGMA. The 2013 MC-GH WMP, the 2016 Bridge Document and supporting documents were provided to DWR for review and evaluation as the Mission Creek Subbasin Alternative Plan (the "Alternative Plan"). On July 17, 2019, DWR approved the Alternative Plan, finding it functionally equivalent to a Groundwater Sustainability Plan. A five-year update to the Alternative Plan (the "2022 Alternative Plan Update") was completed in November 2021 and submitted to the DWR in December 2021. In June 2024, CDWR approved the 2022 Alternative Plan Update.

The 2022 Alternative Plan Update identified four sustainability indicators relevant to the Mission Creek Subbasin based on historical or current conditions, including chronic lowering of groundwater levels, reduction of groundwater storage, land subsidence and degraded water quality. With respect to chronic lowering of groundwater levels, the 2024-25 Annual Report describes that while, historically, groundwater levels declined by up to approximately 60 feet in the Mission Creek Subbasin between 1970 and 2009, such levels have since rebounded as a result of management actions. With respect to reduction of groundwater storage, the 2024-25 Annual Report describes that declining groundwater levels between 1970 and 2009 resulted in a reduction in groundwater storage in the Mission Creek Subbasin, however groundwater storage has since increased due to the recharge of imported water and reduced groundwater pumping. With respect to land subsidence, the 2024-25 Annual Report describes that no evidence of land subsidence in the Mission Creek Subbasin has been documented. Finally, with respect to degraded water quality, the 2024-25 Annual Report describes that no water quality issues have been identified in active groundwater supply wells in the Mission Creek Subbasin; however, sustainability criteria for degraded water quality have been identified based on the potential for future degraded water quality. See the caption "—Water Quality."

Garnet Hill Subarea. The area between the Garnet Hill fault and the Banning fault, named the Garnet Hill Subarea of the Indio Subbasin, was considered a distinct subbasin by the USGS because of the effectiveness of the Banning and Garnet Hill faults as barriers to groundwater movement. The area is bounded on the north by the Banning fault, on the south by the Garnet Hill fault, and on the east and west by non-water to semi-water bearing rocks. DWR considers the area to be part of the Indio Subbasin.

The District constructed Well 33 in the Garnet Hill Subarea with production since 2007. The District, CVWD, and DWA jointly developed the 2013 MC/GH WMP that included this subarea. For SGMA compliance, the area is considered to be part of the Indio Subbasin. However, the 2022 and 2027 Mission Creek and Indio Subbasin Alternative Plan Updates both address the Garnet Hill Subarea, sharing data and management actions. Currently, CVWD includes a portion of the Garnet Hill Subarea in its West Whitewater Area of Benefit replenishment assessment program. Separately, DWA has a replenishment assessment program in its portion of the Garnet Hill Subarea.

San Gorgonio Pass Subbasin. A portion of the District's western service area and DWA jurisdictional area is underlain by the San Gorgonio Pass Subbasin, which is the westernmost subbasin in the Coachella Valley Groundwater Basin. This Subbasin is bounded on the north by the San Bernardino Mountains and by semi-permeable rocks, and on the south by the San Jacinto Mountains. A surface drainage divide between the Colorado River and South Coastal Hydrologic Study Areas bounds the subbasin on the west. The eastern boundary is formed by a bedrock constriction that creates a groundwater cascade into the Indio Subbasin.

The San Gorgonio Pass Subbasin is subdivided into a series of storage units that include the Banning Bench, Banning, Beaumont, and Cabazon storage units. The Cabazon storage unit is located near the western District boundary. The Cabazon storage unit, which encompasses approximately 11 square miles, is recharged naturally with runoff from the adjacent San Jacinto and San Bernardino Mountains. The District operates four wells in the Cabazon storage unit. Other groundwater users in the Cabazon storage unit include Desert Hills Premium Outlets, Morongo Band of Mission Indians, and Cabazon Water District.

Desert Water Agency. DWA faces various challenges in the continued management of the Coachella Valley Groundwater Basin, including reductions in water deliveries from the Colorado River or through the State Water Project. In April 2025, DWR, which operates the State Water Project, announced that allocations for water year 2025 would be equal to 50% of requested supplies. Allocations represent the amount of State Water Project water that DWR will deliver for the year. Allocations are reviewed monthly based on several factors, including water in storage, environmental requirements and rain and snow runoff projections. Such allocation increases or decreases by DWR have historically varied dramatically from a 5% allocation as recently as 2022 to a 100% allocation in 2023. There can be no assurance that MWD or DWA will not announce supply cutbacks in future years, or that the District will not consider imposing restrictions on water use by Water System customers, based on hydrological conditions.

A description of the supply challenges faced by DWR, MWD and DWA, as well as a variety of other operating information with respect to DWR, MWD and DWA, is included in certain disclosure documents prepared by DWR, MWD and DWA, respectively. DWR, MWD and DWA periodically prepare official statements and other disclosure documents in connection with their respective bonds and other obligations.

DWR, MWD and DWA have also entered into certain continuing disclosure agreements pursuant to which they are contractually obligated for the benefit of owners of certain of their outstanding obligations to file certain annual reports, including audited financial statements and notice of certain events, pursuant to Rule 15c2-12. Such official statements, other disclosure documents, annual reports and notices are filed with EMMA. Such information is not incorporated herein by reference thereto, and the Authority makes no representation as to the accuracy or completeness of such information. NONE OF DWR, MWD OR DWA HAVE ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE DISTRICT, THE TRUSTEE OR THE OWNERS OF THE CERTIFICATES TO PROVIDE INFORMATION TO THE DISTRICT, THE AUTHORITY OR THE OWNERS OF THE CERTIFICATES.

DWR, MWD AND DWA HAVE NOT REVIEWED THIS OFFICIAL STATEMENT AND HAVE NOT MADE REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION THAT IS CONTAINED OR INCORPORATED HEREIN, INCLUDING INFORMATION WITH REGARD TO DWR, MWD OR DWA. DWR, MWD AND DWA ARE NOT CONTRACTUALLY OBLIGATED, AND HAVE NOT UNDERTAKEN, TO UPDATE SUCH INFORMATION FOR THE BENEFIT OF THE DISTRICT OR THE OWNERS OF THE BONDS UNDER RULE 15c2-12.

Coachella Valley Water District. CVWD faces various challenges in the continued management of the Coachella Valley Groundwater Basin, including reductions in water deliveries from the Colorado River or through the State Water Project. In April 2025, DWR, which operates the State Water Project, announced that allocations for water year 2025 would be equal to 50% of requested supplies. Allocations represent the amount of State Water Project water that DWR will deliver for the year. Allocations are reviewed monthly based on several factors, including water in storage, environmental requirements and rain and snow runoff projections. Such allocation increases or decreases by DWR have historically varied dramatically from a 5% allocation as recently as 2022 to a 100% allocation in 2023. There can be no assurance that MWD or CVWD will not announce supply cutbacks in future years, or that the District will not consider imposing restrictions on water use by Water System customers, based on hydrological conditions.

A description of the supply challenges faced by DWR, MWD and CVWD, as well as a variety of other operating information with respect to DWR, MWD and CVWD, is included in certain disclosure documents prepared by DWR, MWD and CVWD, respectively. DWR, MWD and CVWD periodically prepare official statements and other disclosure documents in connection with their respective bonds and other obligations. DWR, MWD and CVWD have also entered into certain continuing disclosure agreements pursuant to which they are contractually obligated for the benefit of owners of certain of their outstanding obligations to file certain annual reports, including audited financial statements and notice of certain events, pursuant to Rule 15c2-12. Such official statements, other disclosure documents, annual reports and notices are filed with EMMA. Such information is not incorporated herein by reference thereto, and the Authority makes no representation as to the accuracy or completeness of such information. NONE OF DWR, MWD OR CVWD HAVE ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE DISTRICT, THE AUTHORITY, THE TRUSTEE OR THE OWNERS OF THE CERTIFICATES TO PROVIDE INFORMATION TO THE DISTRICT OR THE OWNERS OF THE CERTIFICATES.

DWR, MWD AND CVWD HAVE NOT REVIEWED THIS OFFICIAL STATEMENT AND HAVE NOT MADE REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION THAT IS CONTAINED OR INCORPORATED HEREIN, INCLUDING INFORMATION WITH REGARD TO DWR, MWD OR CVWD. DWR, MWD AND CVWD ARE NOT CONTRACTUALLY OBLIGATED, AND HAVE NOT UNDERTAKEN, TO UPDATE SUCH INFORMATION FOR THE BENEFIT OF THE DISTRICT OR THE OWNERS OF THE CERTIFICATES UNDER RULE 15c2-12.

Future Water Supplies

The District completed a Recycled Water Program Feasibility Study (the "Feasibility Study") in 2018 that evaluated opportunities to expand local water supply reliability by developing a recycled water program within the District's service area. The Feasibility Study assesses potential uses of recycled water such as landscape irrigation and groundwater recharge, along with the treatment requirements, infrastructure needs, and hydrogeologic considerations necessary to support those uses. Through this evaluation, groundwater recharge via surface spreading emerged as the most beneficial and sustainable application, aligning with the District's long-term goal of strengthening groundwater supplies within its service area.

The selected alternative focuses on implementing tertiary treatment to produce high-quality recycled water, combined with surface spreading to enhance groundwater recharge. In particular, the preferred approach includes off-site spreading at a District-owned parcel within the Mission Creek Subbasin, where a significant portion of the District's production wells are located. This location provides a strategic advantage by directly replenishing the groundwater basin that supports the District's potable water supply, thereby maximizing the long-term benefit of the recycled water program.

While comparable in feasibility to on-site recharge options, the selected alternative offers greater value due to its targeted impact on groundwater sustainability and supply resilience. Although it may involve additional infrastructure and cost, it better supports the District's operational independence and resource management objectives. The study concluded that advancing this alternative, potentially in phases, would enhance local water reliability, improve aquifer conditions, and position the District to pursue external funding for implementation. The District currently expects to apply for grant funding for the recycled water projects described in the Feasibility Study within the next approximately five years.

Water Quality

General. The District's water supplies are treated to applicable regulatory standards prior to delivery to potable water customers. The City uses state certified laboratories for bacteriological, physical, chemical, and radiological water analysis. Samples from throughout the system are collected weekly and submitted for testing to ensure the safety of the water and California Department of Health Services standards. Sodium hypochlorite is used and a minimum chlorine residual of 0.2 parts per million is maintained through the distribution system.

Chromium-6. Hexavalent chromium ("Chromium-6") is a naturally occurring metallic element found in the groundwater aquifers beneath the Coachella Valley Groundwater Basin. Chromium 6 can form through the erosion of certain rocks and minerals through stormwater runoff, or as a byproduct of some industrial activities. While Chromium-6 levels in the Mission Creek Subbasin remain below the Maximum Contaminant Levels ("MCL") set for total chromium (which includes chromium-3 as well and has been regulated since 1977) of 50 parts per billion, the State Water Resources Control Board (the "SWRCB") adopted a stricter standard in October 2024 for Chromium-6 of 10 parts per billion. The SWRCB's 2024 MCL for Chromium-6 requires all water systems to install treatment solutions or secure alternative water sources before the compliance deadline of October 1, 2026. Although the District already meets all state and federal water quality standards, the District has been proactively studying chromium-6 for more than a decade. While the majority of the District's wells fall below the newly adopted limit, the District has temporarily taken four wells offline (without affecting Water System capacity) as it prepares for future treatment upgrades.

According to the Health and Safety Code section 116341 a public water system shall not be determined, held, considered, or otherwise deemed in violation of the primary drinking water standard for hexavalent chromium while implementing a state board approved compliance plan. A public water system that has submitted a compliance plan for approval shall not be determined, held, considered, or otherwise deemed in violation of the primary drinking water standard for hexavalent chromium while state board action on the proposed and submitted compliance plan is pending. Accordingly, the District believes that it will not be required to abide by the higher MCL standard while it is pursuing its compliance plan. Even if required to comply with the higher MCL standard, the District has identified which wells within the Water System are compliant with the

Chromium-6 MCL and which are not compliant, and does not believe that the inability to use the non-compliant wells while additional treatment solutions are implemented will impact the ability of the District to provide sufficient water to Water System customers.

MSWD completed a Chromium-6 compliance plan as required by the SWRCB, which outlines the District's strategy to comply with the State's Chromium-6 MCL, which applies to systems serving 10,000 or more connections with a compliance date of October 1, 2026. The plan identifies all relevant groundwater sources and facilities, including multiple existing, inactive, and pending wells, and emphasizes that while compliance plans can be amended, approved milestones and timelines are enforceable.

To achieve compliance, the District proposes a combination of expanding water supply capacity and installing treatment infrastructure, which includes rehabilitating and returning wells to service, constructing new wells to provide additional production capacity, and installing a Cr(VI) treatment system—likely at Well 24—with a planned completion around mid-2027. The plan also details construction and implementation timelines for these efforts, along with future operational requirements such as submitting an operations plan for treatment facilities prior to use, ensuring both regulatory compliance and long-term system reliability. [The District currently estimates that compliance with the State's Chromium-6 MCL will result in approximately $6.3 million in capital projects over the next five years.]

Drought Declarations

State and Federal Orders. In 2018, the California Governor signed Senate Bill 606 and Assembly Bill 1668 into law. These bills relate to water conservation and drought planning and empower DWR and the SWRCB to adopt long-term standards for the following: (i) indoor residential water use; (ii) outdoor residential water use; (iii) commercial, industrial and institutional water use for landscape irrigation; and (iv) water loss. The indoor water use standard has been defined as 47 gallons per person per day ("GPCD") beginning January 2025; the standard will decrease over time to 42 GPCD in January 2030. Standards for outdoor residential water use and commercial, industrial and institutional water use for landscape irrigation are still being developed. Urban water suppliers will be required to stay within annual water budgets, based on these standards, for their service areas.

The District is unable to predict the effect on the Water System of the implementation of Senate Bill 606 and Assembly Bill 1668 or any future legislation with respect to water conservation. The District, however, is meeting and believes that it will continue to be able to meet the 47 GPCD standard for indoor water use, along with annual State-mandated water use efficiency standards, based on the District's current water demands and ongoing efforts to encourage conservation, as described below under the subcaption "—District Response to Drought." The District also has a tiered rate structure for residential customers that further promotes water use efficiency by charging a higher rate for water use in excess of maximum amounts within each tier.

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

The dry hydrology turned wet in winter 2022-23 as precipitation fell throughout the State replenishing reservoirs and causing flooding and requiring state of emergency declarations. Snowfall also covered many mountain ranges at unexpected levels, adding water supply for later in the year. On May 24, 2023, the Governor issued an executive order easing water restrictions that were no longer necessary following a series of storms that ended the drought. The final State Water Project allocation for 2023 was 100%, which had not been seen in 17 years.

In alignment with the SWRCB's 2022 adoption of long-term water use efficiency standards pursuant to AB 1668 and SB 606, the District is currently implementing Shortage Level 1 of its Water Shortage Contingency Plan to proactively reduce demand, enhance drought resilience, and support compliance with California's urban water use objectives. The District believes that it has significant water supplies and storage and is well positioned to respond to both drought and regulatory requirements. At this time, the District does not foresee a water supply shortage. See the subcaption "—Water Shortage Contingency Plan."

Water Shortage Contingency Plan Levels. The District's water shortage contingency plan, which meets State guidelines for such plans, uses six standard shortage levels which correspond to progressively increasing estimated shortage conditions (up to 10-, 20-, 30-, 40-, 50-percent, and greater than 50-percent shortage compared to the normal reliability condition). The six shortage levels and corresponding actions are described in the table below:

Each shortage level represents an anticipated reduction in the supplies that would normally be available to the District. These supply reductions could be the result of a variety of potential causes including natural forces, Water System component failure or interruption, regulatory actions, contamination, or any combination of factors.

The levels involve voluntary and mandatory conservation measures and restrictions, depending on the causes, severity, and anticipated duration of the water supply shortage. The locally appropriate shortage response actions that would be taken at each level to address the resulting gap between supplies and demands are described in the following section.

Mission Springs Water District
Water Shortage Contingency Plan Levels

Shortage Level	Percent Shortage Range	Description	Shortage Response Actions
1	Up to 10%	Normal water supplies	Mandatory prohibitions defined by the state, ongoing rebate programs
2	Up to 20%	Slightly limited water supplies	Outdoor water use restrictions on time of day, increased water waste patrols
3	Up to 30%	Moderately limited water supplies	Outdoor water use restrictions on days per week, restrictions on filling swimming pools
4	Up to 40%	Limited water supplies	Limits on new landscaping, expanded public information campaign
5	Up to 50%	Significantly limited water supplies	Limits on watering of parks or school grounds
6	Greater than 50%	Severe shortage or catastrophic incident	No potable water use for outdoor purposes

Source: Mission Springs Water District.

The District will monitor financial conditions during a water shortage and take appropriate actions as needed. The District maintains financial reserves that can be used to continue operations during a period of reduced water sales. The District has the ability to increase water rates or implement surcharges or penalties to increase revenues from water sales. See the caption "—Water System Rates and Charges."

The projected Water System operating results that are set forth under the caption "—Projected Operating Results and Debt Service Coverage" and "FINANCIAL INFORMATION OF THE DISTRICT—Projected Operating Results and Debt Service Coverage" reflect the continued implementation of Shortage Level 1 of the District's water shortage contingency plan. The District does not currently expect that the implementation of the water shortage contingency plan in the future will have a material adverse effect on its ability to pay the Installment Payments from Net Revenues. As discussed under the caption "—Water System Rates and Charges," the District's rate structure consists of variable and fixed rate components. Decreased water consumption is partially offset by a decrease in related variable costs, while fixed water charges largely cover the Water System's fixed operating and maintenance costs. In addition, the District has covenanted to set Water System rates and charges in amounts that it expects to be sufficient to pay the Installment Payments from Net Revenues. See the caption "SECURITY FOR THE CERTIFICATES—Rate Covenants."

If a water shortage should arise again in the future, legal issues exist as to whether different California Water Code provisions or State regulations will be invoked to manage the allocation of water. Any curtailment pursuant to State orders could necessitate an increase in the District's water rates to Water System customers. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218" for a discussion of certain restrictions on the District's ability to raise water rates.

Historical Water System Deliveries

The following table shows potable water deliveries to Water System customers for Fiscal Years 2020-21 through 2024-25.

Mission Springs Water District
Historical Water System Deliveries in Acre Feet

Fiscal Year Ended June 30	***Single-Family Residential***	***Multi-Family Residential***	***Commercial***	***Other*** [1]	***Total***	***Percentage Increase/ (Decrease)***
2021	7,486.98	442.03	272.41	154.59	8,356	N/A
2022[2]	7,252.22	428.17	263.86	149.74	8,094	(3.14)%
2023[2]	6,850.82	404.47	249.26	141.45	7,646	(5.53)
2024	6,892.93	406.96	250.79	142.32	7,693	0.61
2025	7,300.61	431.03	265.62	150.74	8,148	5.91

(1) Reflects water deliveries to industrial, landscape and other customers.
(2) Decreases in Fiscal Years 2021-22 and 2022-23 due to wet hydrological conditions.
Source: Mission Springs Water District.

Historical water deliveries reflect connections to the Water System as well as water demand, which can be affected by weather conditions, State mandates and other factors.

Historical Water System Connections

The following table shows the number of water meters served by the Water System for Fiscal Years 2020-21 through 2024-25.

Mission Springs Water
Historical Water System Connections

Fiscal Year Ended June 30	*Residential*	*Commercial*	*Other*[1]	*Total*	*Percentage Increase/ (Decrease)*
2021	10,686	2,014	441	13,141	N/A
2022	10,845	2,044	448	13,337	1.49%
2023	11,012	2,075	455	13,542	1.54
2024	11,088	2,090	457	13,635	0.69
2025	11,319	2,133	468	13,920	2.09

(1) Reflects water deliveries to industrial, landscape and other customers.
Source: Mission Springs Water District.

Historical Water System Sales Revenues

The following table shows the sales revenues of the Water System for Fiscal Years 2020-21 through 2024-25.

Mission Springs Water District
Historical Water System Sales Revenues

Fiscal Year Ended June 30	*Residential*	*Commercial*	*Other*[1]	*Total*	*Percentage Increase/ (Decrease)*
2021	$8,997,621	$1,141,227	$ 94,157	$10,233,005	N/A
2022	8,800,541	1,180,445	1,851,910	11,832,896	15.63%
2023	8,535,412	1,143,788	1,647,076	11,326,276	(4.28%)
2024	8,579,776	1,224,081	1,734,472	11,538,329	1.87%
2025	8,808,851	1,339,188	1,919,249	12,067,288	4.58%

(1) Reflects water deliveries to industrial, landscape and other customers. Increase in Other revenues beginning in Fiscal Year 2021-22 due to _____.
Source: Mission Springs Water District.

Water System sales revenues reflect water deliveries as well as adopted rates and charges. See the captions "—Historical Water System Deliveries" and "—Water System Rates and Charges."

Largest Water System Customers

The following table shows the largest Water System customers for Fiscal Year 2024-25, as determined by annual payments.

Mission Springs Water District
Ten Largest Water System Customers

Customer	***Customer Type***	***Fiscal Year 2024-25 Revenues***	***Percentage of Total Revenues***
Palm Springs Unified School District		$ 816,956	8.88%
City of Desert Hot Springs		291,157	3.17
Henry Baghdady		103,929	1.13
JMI General Engineering Contractor		97,643	1.06
Blackstar Industrial Properties, LLC		85,354	0.93
Breit Hidden Springs MHC, LLC		78,627	0.85
Michael Bickford		71,411	0.78
Two Bunch Palms, Bliss, LLC		68,969	0.75
Sky Haven Homeowners Inc.		63,646	0.69
Morongo Industrial Owners Inc		63,036	0.69
Top Ten Total		$ 1,740,728	18.92%
District Total		$ 9,198,092	

Source: Mission Springs Water District.

Water System Rates and Charges

General. The water rates of the District vary for different classes of customers. The current water rate structure includes four customer classes: single-family residential, multi-family residential, non-residential and irrigation. Each customer's bill includes two components: a fixed monthly service charge and a variable charge based on the amount of water used. The fixed monthly charges are based on the size of the water meter serving a property. For multi-family properties, charges are determined by the number of dwelling units.

Water usage charges for residential customers consist of two tiers, which impose higher rates per unit of water as the level of consumption increases. Tier 1 covers the first 13 hundred cubic feet ("CCF") of water, which includes the Water System's ability to meet base water demand. Tier 2 rates cover increased costs to supply increased volumes of water at peak times and the costs of increased conservation efforts to ensure the District meets state-mandated reductions in water use. The Water usage charges for non-residential and irrigation customers consist of a single uniform rate. Each unit of water is equal to one CCF, or 748 gallons, of water. The District also charges a fixed monthly meter charge for customers with private fire lines.

On October 20, 2025, after a notice, public hearing and protest process described under the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218," the Board of Directors approved rate increases of approximately 9.00% annually for Water System rates and charges (the "Adopted Rate Plan") effective February 17, 2026 and each January 1 thereafter through January 1, 2030, subject to an annual review of the need to implement the rate increases and adjust the percentage of rate increase downward, if warranted. The Board of Directors has the authority to reduce such rates in the future, subject to the rate covenant with respect to the Water System described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2026A CERTIFICATES—Rate Covenants." The Water System projected operating results under the caption "—Projected Operating Results and Debt Service Coverage" are based on the Adopted Rate Plan and assume implementation of the approved rate increases by the Board of Directors in Fiscal Years through 2029-30. In the event the Board of Directors reduces or eliminates any of such approved rate increases, the District's projected operating results set forth under the captions "—Projected Operating Results and Debt

Service Coverage" and "FINANCIAL INFORMATION OF THE DISTRICT—Projected Operating Results and Debt Service Coverage" may be materially adversely affected.

The retail water rates of the District approved in the Adopted Rate Plan are shown in the tables below:

Mission Springs Water District
Fixed Monthly Meter Charges

			Effective,		
Meter Size	***February 17, 2026***	***January 1, 2027***	***January 1, 2028***	***January 1, 2029***	***January 1, 2030***
3/4"	$ 14.73	$ 16.06	$ 17.50	$ 19.08	$ 20.79
1"	25.61	27.91	30.43	33.17	36.15
1 1/2"	47.37	51.63	56.28	61.35	66.87
2"	73.49	80.10	87.31	95.17	103.74
3"	156.18	170.24	185.56	202.26	220.46
4"	278.06	303.09	330.36	360.10	392.50
6"	613.21	668.39	728.54	794.11	865.58
8"	1,048.46	1,142.82	1,245.68	1,357.79	1,479.99
Multi-Family Residential	9.57	10.43	11.37	12.39	13.51

Source: Mission Springs Water District.

Mission Springs Water District
Fixed Monthly Meter Charges
(Fire Protection Service Charge)

			Effective,		
Meter Size	***February 17, 2026***	***January 1, 2027***	***January 1, 2028***	***January 1, 2029***	***January 1, 2030***
3/4"	$ 4.40	$ 4.80	$ 5.23	$ 5.70	$ 6.21
1"	5.02	5.47	5.96	6.50	7.09
1 1/2"	7.27	7.92	8.64	9.41	10.26
2"	11.14	12.14	13.24	14.43	15.73
3"	25.02	27.27	29.73	32.40	35.32
4"	48.98	53.39	58.19	63.43	69.14
6"	134.95	147.10	160.33	174.76	190.49
8"	283.23	308.72	336.51	366.79	399.80
10"	506.27	551.83	601.50	655.63	714.64
12"	815.40	888.79	968.78	1,055.97	1,151.00

Source: Mission Springs Water District.

Mission Springs Water District
Water Usage Charges
(per one hundred cubic feet (CCF))

			Effective,		
Meter Size	***February 17, 2026***	***January 1, 2027***	***January 1, 2028***	***January 1, 2029***	***January 1, 2030***
Single Family Residential					
Tier 1 (first 13 CCF)	$2.47	2.69	$2.93	$3.20	$3.49
Tier 2 (above 13 CCF)	3.38	3.68	4.02	4.38	4.77
Multi-Family Residential					
Tier 1 (first 6.33 CCF)	2.38	2.59	2.83	3.08	3.36
Tier 2 (above 6.33 CCF)	3.12	3.40	3.71	4.04	4.40
Non-Residential	2.95	3.22	3.50	3.82	4.16
Irrigation	4.42	4.82	5.25	5.72	6.24

Source: Mission Springs Water District.

Connections Fees. The table below sets forth connection fees for a 0.75" meter for Fiscal Years2025-26 for the Water System.

Mission Springs District
Water System Connections Fees
2026 Rates

Meter Size	***Connection Fee***
¾ Inch	$4,353
1 Inch	$7,270
1½ Inch	$14,495
2 Inch	$23,201
3 Inch	$43,530
4 Inch	$72,565
6 Inch	$145,085

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Source: The District.

Water Service Charges. The table below sets forth a comparison of the water rates of the District and charges for a single-family residential user for 13 ccf of consumption and a 0.75" meter size to those of nearby water purveyors as of June 1, 2026:

Community	***Total Bi-Monthly Bill***
Coachella Valley Water District	$30.23
Coachella Water Authority	33.30
Myoma Dunes Water Company	33.59
City of Indio	39.28
Mission Springs Water District	***43.40***
Desert Water Agency	74.39

Source: The District.

Pass-through Charges. In addition to District water rates, customer bills include certain pass-through fees and taxes that are required by outside agencies which are collected by the District on behalf of those agencies and are not retained by the District. The DWA assessment is a charge applied to water pumped by the District to serve customers within its service area. This assessment has been in place since 2004 and is charged to District customers based on the volume of water pumped. The current assessment is $235 per acre-foot with a water loss adjustment (currently 4.54%, or $10.66) for a total DWA assessment of $245.66 per acre-foot. See the caption "—Water Supply" for more information regarding DWA and the assessment charged by DWA.

Collection Procedures

The District utilizes a monthly billing cycle for water and non-residential wastewater services and sends a consolidated bill every month to District customers. Payment is due by the 21st day after the billing date and is considered delinquent if not paid within 5 business days of the due date. When a customer's account becomes delinquent, the District will send a Past Due Notice by mail and assess a late fee, giving the customer an additional 21 days to make payment in full or if authorized, establish a payment plan. If the District does not receive payment or the customer does not establish a payment arrangement within the 21 days, the District will send a Second Past Due Notice to the customer by mail and assess an additional late fee. Accounts that remain delinquent may receive additional notifications via phone in an attempt to collect payment or establish a payment plan. Account balances that remain unpaid for 120 days are subject to a lien being recorded against the property and may be collected through the property taxes on an annual basis. Residential wastewater services are collected on the customer's property tax roll.

Future Water System Improvements

Including the projects described under the caption "THE 2026A PROJECTS—The Water System Projects," the District estimates total capital improvements to the Water System for existing users of approximately $65 million over the next five years, approximately $15 million of which is expected to accommodate future growth. The District does not expect to need additional debt financing in the next five years to fund water projects and plans to fund the projects by facility capacity charges, grants and Water System Revenues. The District expects to obtain all environmental and other permits and approvals necessary for such capital improvements in a timely manner to permit expenditures on the referenced capital improvements.

Projected Water System Deliveries

The following table shows Water System deliveries projected by the District for Fiscal Years 2025-26 through 2029-30.

Mission Springs Water District
Projected Water System Deliveries in Acre Feet

Fiscal Year Ended June 30	*Single-Family Residential*	*Multi-Family Residential*	*Commercial*	*Other* (1)	*Total*	*Percentage Increase/ (Decrease)*
2026	7,446.62	439.65	270.94	153.75	8,310.96	N/A
2027	7,595.55	448.44	276.36	156.83	8,477.18	2.00%
2028	7,747.46	457.41	281.88	159.96	8,646.72	2.00
2029	7,902.41	466.56	287.52	163.16	8,819.66	2.00
2030	8,060.46	475.89	293.27	166.43	8,996.05	2.00

(1) Reflects water deliveries to industrial, landscape and other customers.
Source: Mission Springs Water District.

Water System deliveries can be affected by a number of factors, including connections to the Water System, State mandates and weather conditions. See the caption "—Projected Water System Connections" below.

Projected Water System Connections

The following table shows the number of retail connections to the Water System projected by the District for Fiscal Years 2025-26 through 2029-30.

Mission Springs Water District
Projected Water System Connections

Fiscal Year Ended June 30	*Residential*	*Commercial*	*Other*[(1)]	*Total*	*Percentage Increase/ (Decrease)*
2026	11,557	2,178	477	14,212	N/A
2027	11,799	2,224	487	14,510	2.01%
2028	12,047	2,270	498	14,815	2.01
2029	12,300	2,318	508	15,126	2.01
2030	12,559	2,367	518	15,444	2.01

(1) Reflects water deliveries to industrial, landscape and other customers.
Source: Mission Springs Water District.

Projected increases in connections reflect expectations of development within the Water System service area.

Projected Water System Sales Revenues

The following table shows the sales revenues of the Water System projected by the District for Fiscal Years 2025-26 through 2029-30. The projections assume Water System rate increases in accordance with the Adopted Rate Plan "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218."

Mission Springs Water District
Projected Water System Sales Revenues

Fiscal Year Ended June 30	*Residential*	*Commercial*	*Other*[(1)]	*Total*	*Percentage Increase/ (Decrease)*
2026	$ 9,334,357	$1,389,408	$1,991,221	$12,714,985	N/A
2027	10,174,449	1,514,454	2,170,431	13,859,334	9.00%
2028	11,090,150	1,650,755	2,365,769	15,106,674	9.00
2029	12,088,263	1,799,323	2,578,689	16,466,275	9.00
2030	13,176,207	1,961,262	2,810,771	17,948,240	9.00

(1) Reflects water deliveries to industrial, landscape and other customers.
Source: Mission Springs Water District.

Historical Operating Results and Debt Service Coverage

The following tables are summaries of operating results of the Water System of the District, for the last five audited Fiscal Years. These results have been derived from the Financial Statements of the District but exclude certain receipts which are not included as Revenues under the Installment Purchase Agreement and certain non-cash items and include certain other adjustments as required or permitted by the Installment Purchase Agreement.

Mission Springs Irrigation District
Water System
Historical Operating Results
Fiscal Years Ended June 30

	2021	*2022*	*2023*	*2024*	*2025*
Revenues					
Sales[(1)]	$ 9,356,599	$ 9,179,862	$ 8,567,815	$ 8,718,019	$ 9,230,233
Services[(2)]	2,871,616	2,802,674	2,927,992	2,919,952	3,025,174
Standby and Availability	218,066	214,181	216,582	209,834	218,156
Backup Facilities and Front Footage Fees	560,063	673,349	680,774	363,141	1,083,346
Meter Installations	103,647	151,640	167,762	84,862	178,452
Property Taxes[(3)]	1,382,925	1,460,023	1,715,314	1,886,363	2,446,734
Investment Income[(4)]	63,376	(491,158)	622,586	1,654,509	1,889,870
Grants	553,508	48,028	66,100	0	56,276
Other[(5)]	1,022,427	2,165,924	1,878,796	1,705,934	1,035,470
Total Revenues	$16,132,227	$ 16,204,523	$ 16,843,721	$ 17,542,614	$ 19,163,711
Operation and Maintenance Costs					
Pumping[(6)]	$ 2,208,877	$ 2,622,863	$ 3,349,241	$ 3,638,037	$ 3,114,613
Transmission and Distribution	1,566,907	1,507,366	2,138,374	2,344,025	2,609,426
Customer Accounts	1,031,299	1,009,721	1,047,917	932,676	967,878
Standby Wages	92,639	88,828	92,758	105,975	110,819
Groundwater Management[(7)]	(9,284)	0	762	3,716	5,412
Public Affairs	232,332	351,278	758,581	752,268	794,733
General and Administrative	4,279,942	4,252,872	3,204,175	3,791,201	4,906,677
Other	30,588	176	156,297	50,950	48,804
Total Operation and Maintenance Costs	$ 9,433,300	$ 9,833,104	$ 10,748,105	$ 11,618,848	$ 12,558,362
Net Revenues	$ 6,698,927	$ 6,371,419	$ 6,095,616	$ 5,923,766	$ 6,605,349
Debt Service					
Prior Loans	$ 43,285	$ 43,347	$ 43,292	$ 43,323	$ 43,236
Total Debt Service	$ 43,285	$ 43,347	$ 43,292	$ 43,323	$ 43,236
Debt Service Coverage	154.76x	146.99x	140.80x	136.73x	152.77x
Net Revenues Available for Capital Projects or Other Purposes	$ 6,655,642	$ 6,328,072	$ 6,052,324	$ 5,880,443	$ 6,562,113

(1) Represents consumption charges for Water System residential, commercial, and other customers. See the caption "—Historical Water System Sales Revenues." Decrease in Fiscal Year 2022- 23 due to wet weather during the year.
(2) Represents water service charges for residential, commercial, and other customers. See the caption "—Historical Water System Sales Revenues."
(3) See the caption "THE MISSION SPRINGS WATER DISTRICT—1% Property Tax Revenues."
(4) Includes changes in fair market value of investments.
(5) Includes items such as fire flow charges, backflow device maintenance fees, delinquent charges, and site rentals.
(6) Includes the replenishment assessment charged by the Desert Water Agency and passed on to District customers. See the captions "—Water System Rates and Charges" and "—Water Supply."
(7) Negative amounts in Fiscal Year 2020-21 due to corrected cash receipts related to the Groundwater Guardian.

Source: Mission Springs Water District.

Projected Operating Results and Debt Service Coverage

The District's projected operating results for the Water System of the District for Fiscal Year 2025-26 through Fiscal Year 2029-30 are set forth below, reflecting certain significant assumptions concerning future events. The financial forecast represents the District's projection of financial results based on a variety of assumptions, including the assumptions set forth in the footnotes to the chart set forth below. All of such assumptions are material in the development of the District's financial projections, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

No assurances can be made that any of the foregoing prepayments will be made and if such prepayments are made, that such debt service coverage levels will be achieved. The table below does not take in account the effect of such projected prepayments.

Mission Springs Water District
Water System
Projected Operating Results
Fiscal Year Ended June 30

	2026[1]	*2027*	*2028*	*2029*	*2030*
Revenues					
Sales[3]	$ 9,576,367	$ 10,438,240	$ 11,377,682	$ 12,401,673	$ 13,517,824
Services[4]	3,138,618	3,421,094	3,728,992	4,064,601	4,430,415
Standby and Availability	192,000	192,000	192,000	192,000	192,000
Backup Facilities and Front Footage Fees	1,083,346	1,083,346	1,083,346	1,083,346	1,083,346
Meter Installations	120,000	120,000	120,000	120,000	120,000
Property Taxes[5]	2,495,669	2,545,582	2,596,494	2,648,424	2,701,392
Investment Income	140,852	238,889	266,559	248,650	277,299
Grants[6]	2,615,098	5,877,181	5,079,727	--	--
Other	1,035,470	1,035,470	1,035,470	1,035,470	1,035,470
Transfer to/(from) Rate Stabilization Fund[7]	--	--	--	--	--
Total Revenues	$ 20,397,420	$ 24,951,802	$ 25,480,270	$ 21,794,164	$ 23,357,746
Operation and Maintenance Costs[8]					
Pumping[9]	$ 3,208,051	$ 3,304,293	$ 3,403,422	$ 3,505,525	$ 3,610,691
Transmission and Distribution	2,687,709	2,768,340	2,851,390	2,936,932	3,025,040
Customer Accounts	996,914	1,026,821	1,057,626	1,089,355	1,122,036
Standby Wages	114,144	117,568	121,095	124,728	128,470
Groundwater Management	5,574	5,741	5,913	6,090	6,273
Public Affairs	818,575	843,132	868,426	894,479	921,313
General and Administrative	5,053,877	5,205,493	5,361,658	5,522,508	5,688,183
Other	50,268	51,776	53,329	54,929	56,577
Total Operation and Maintenance Costs	$ 12,935,112	$ 13,323,164	$ 13,722,859	$ 14,134,546	$ 14,558,583
Net Revenues	**$ 7,462,308**	**$ 11,628,638**	**$ 11,757,411**	**$ 7,659,618**	**$ 8,799,163**
Debt Service					
Prior Loans[10)]	$ 43,335	--	--	--	--
2026 Installment Payments[11]	--	1,034,915	1,198,575	1,198,050	1,200,325
Total Debt Service	$ 43,335	$ 1,034,915	$ 1,198,575	$ 1,198,050	$ 1,200,325
Debt Service Coverage	172.20x	11.24x	9.81x	6.39x	7.33x
Net Revenues Available for Capital Projects or Other Purposes	**$ 7,418,973**	**$ 10,593,723**	**$ 10,558,836**	**$ 6,461,568**	**$ 7,598,838**

(1) Represents unaudited forecasted amounts for Fiscal Year 2025-26 with certain adjustments.
(2) Based on the District's Adopted Rate Plan, which was adopted in October 2025, with certain adjustments.
(3) Represents consumption charges for Water System residential, commercial, and other customers. Projected to increase by 9.0% annually based on the Adopted Rate Plan. See the captions "—Water System Rates and Charges" and "—Projected Water System Sales Revenues."
(4) Represents water service charges for residential, commercial, and other customers. Projected to increase by 9.0% annually based on the Adopted Rate Plan. See the captions "—Water System Rates and Charges" and "—Projected Water System Sales Revenues."(
(5) Projected to increase by 2.0% annually and assumes that approximately 55% of 1% Property Tax Revenues will be allocated to the Water System each year. See the caption "THE MISSION SPRINGS WATER DISTRICT—1% Property Tax Revenues."
(6) Includes grants projected to be received in Fiscal Year 2026-27 in the amount of approximately $5.9 million and in Fiscal Year 2027-28 in the amount of approximately $5.1 million for the District's future water infrastructure needs, such as wells and booster stations.
(7) See the caption "SECURITY AND SOURCES OF PAYMENTS FOR THE 2026A CERTIFICATES—Rate Stabilization Funds."
(8) Operations and Maintenance Costs projected to increase by 3.0% annually.
(9) Includes the replenishment assessment charged by the Desert Water Agency and passed on to District customers. See the captions "—Water System Rates and Charges" and "—Water Supply."
(10) Represents various loans the District prepaid during Fiscal Year 2025-26 in the aggregate principal amount of approximately $376,000.
(11) *Preliminary, subject to change.*
Source: Mission Springs Water District.

THE WASTEWATER SYSTEM OF THE DISTRICT

The Wastewater System

General. The District provides wastewater collection and treatment service to approximately 68% of its total Water System customer base, located in the City of Desert Hot Springs, Desert Crest Country Club, and Dillon Estates Mobile Home Park. There are currently a significant number of septic systems within the sewer service area, which the District is in the proceeds of converting to sewer as funding becomes available. Collection is primarily via approximately 120 miles of sewer mains with one lift station. Wastewater is treated at the Alan L. Horton Wastewater Treatment Plant (the "Horton WWTP"), the Desert Crest Wastewater Treatment Plant (the "Desert Crest WWTP") and the Nancy Wright Regional Water Reclamation Facility (the "Regional WRF").

Nancy Wright Regional Water Reclamation Facility. The Regional WRF began operations in early 2025 and represents a major investment in regional wastewater infrastructure. The facility is a 1.5 MGD sequence batch reactor treatment plant constructed on approximately 60 acres of District-owned property between 19th and 20th Avenues in Desert Hot Springs. The project included construction of a regional conveyance pipeline to direct flows to the new facility. The Regional RWRF provides modern secondary treatment and was designed to allow for future expansion and the potential addition of tertiary treatment to support recycled water production. The opening of the Regional WRF significantly enhances system reliability, operational flexibility, and long-term capacity planning. The facility receives a portion of the District's wastewater flows and sends the water through percolation ponds for groundwater recharge after treatment, which reduces the hydraulic loading on the older treatment plants and positions the District for potential future recycled water and groundwater recharge initiatives. For calendar year 2025, the Regional WRF averaged approximately 0.18 MGD as flows were gradually transitioned to the new facility following startup.

The Dos Palmas Lift Station was originally constructed to convey wastewater to the Horton WWTF from a growing residential area south and down gradient of the Horton WWTF. The Dos Palmas Lift Station is planned to be redirected from the Horton WWTF and deliver flows to the Regional WRF.

Horton Wastewater Treatment Plant. The Horton WWTP, located on Verbena Drive approximately one-half mile south of Two Bunch Palms Trail, was originally constructed in 1972 has a permitted capacity of 2.4 MGD and utilizes an extended aeration treatment process. Secondary effluent, which is not disinfected, is discharged to on-site percolation/evaporation ponds. Sludge generated during treatment is dewatered using a filter press and transported offsite for disposal. With the opening of the Regional WRF, flows to Horton WWTP have decreased compared to prior years. For calendar year 2025, the Horton WWTP averaged approximately 1.9 MGD, reflecting redistribution of flows to the new regional facility.

Desert Crest Wastewater Treatment Plant. The Desert Crest WWTP, located approximately one-half mile southeast of the intersection of Dillon Road and Long Canyon Road, has a capacity of 0.18 MGD and serves the Desert Crest Country Club development and associated mobile home park. The facility utilizes an extended aeration process and disposes of secondary effluent in on-site percolation/evaporation ponds. Sludge is dried in on-site beds and transported offsite for disposal. For calendar year 2025, the Desert Crest WWTP averaged approximately 0.04 MGD, consistent with historical service levels.

The Colorado River Basin Regional Water Quality Control Board (the "Regional Board") administers and enforces all federal and State discharge requirements by issuing a discharge permit under the National Pollutant Discharge Elimination System ("NPDES"). The Regional WRF's present discharge permit is covered under Order R7-2020-0011. The Horton WWTP's present discharge permit is covered under Order R7-2022-0008. The Desert Crest WWTP's present discharge permit is covered under R7-2014-0048.

Historical Wastewater Connections

The following table shows the growth in the number of wastewater connections to the Wastewater System for the last five audited Fiscal Years:

Mission Springs Water District
Historical Wastewater System Connections

Fiscal Year Ended June 30	*Single-Family Residential*	*Multi-Family Residential*	*Commercial*	*Other*(1)	*Total*	*Percentage Increase/ (Decrease)*
2021	7,631	573	262	1	8,467	N/A
2022	7,808	587	269	1	8,665	2.34%
2023	7,963	598	274	1	8,836	1.97
2024	8,038	604	276	1	8,919	0.94
2025	8,249	620	284	1	9,154	2.63

(1) Reflects industrial and other customers.
Source: Mission Springs Water District.

Historical Wastewater System Usage

The following table summarizes the volume of wastewater treated for the last five audited Fiscal Years:

Mission Springs Water District
Historic Wastewater System Usage

Fiscal Year Ended June 30	*Wastewater Treatment (AF)*	*Increase/(Decrease)*	*Daily Average Flow (mgd)*	*Increase/(Decrease)*
2021	2,269	N/A	2.02	N/A
2022	2,282	0.57%	2.04	0.99%
2023(1)	2,238	(1.93)	2.00	(1.96)
2024	2,274	1.61	2.03	1.50
2025	2,355	3.56	2.1	3.45

(1) Decrease in Fiscal Year 2022-23 due to less water usage, which results in less wastewater being generated and sent to the sewer system.
Source: Mission Springs Water District.

Wastewater System usage is affected by a number of factors, including but not limited to the number of connections to the Wastewater System and water usage of customers connected to the Wastewater System.

Historical Wastewater Service Charge Revenues

The following table shows annual wastewater service charge revenues of the Wastewater System for the last five audited Fiscal Years:

Mission Springs Water District
Historical Wastewater System Revenues

Fiscal Year Ended June 30	*Residential*	*Commercial*	*Total*	*Percentage Increase/ (Decrease)*
2021	$6,724,221	$ 869,473	$7,593,694	N/A
2022[(1)]	6,157,053	1,023,644	7,180,697	(5.44)
2023	6,761,280	869,784	7,631,064	6.27
2024[(2)]	6,612,462	884,110	7,496,572	(1.76)
2025	6,686,834	914,991	7,601,825	1.40

(1) Decrease in Fiscal Year 2021-22 due to an accounting accrual error which caused 2022 to be understated by approximately $361,000 and 2023 overstated by approximately $361,000.
(2) Decrease in Fiscal Year 2023-24 due to the error described above.
Source: Mission Springs Water District.

A number of factors affect Wastewater service revenues, including water consumption by Wastewater System customers, the number of connections to the Wastewater System and Wastewater System rates and charges. See the captions "—Historic Wastewater Connections" and "—Wastewater System Rates and Charges."

Largest Customers

The following table sets forth the ten largest customers of the Wastewater System as of the Fiscal Year ending June 30, 2025 (the most recently completed audited Fiscal Year), as determined by annual payments:

Mission Springs
Ten Largest Wastewater System Customers

Customer	*Customer Type*	*Fiscal Year 2024-25 Revenues*	*Percentage of Total Revenues*
Morongo Equity Partners III, LLC		$ 87,664	1.15%
Sky Haven Homeowners Inc		74,582	0.98
Mission Lakes CC Condos HOA		64,078	0.84
Jennifer Chen		47,760	0.63
Michael Bickford		41,799	0.55
Palm Springs Unified School District		39,935	0.53
Vons Co #2177 V #8539		33,271	0.44
CV Housing Coalition		23,588	0.31
Desert Inn Hotel/Spa		23,049	0.30
Stater Bros. Mkt #84		22,521	0.30
Top Ten Total		$ 458,247	6.03%
District Total		$ 7,601,825	

Source: Mission Springs Water District.

Wastewater System Rates and Charges

General. The wastewater service charges of the District vary for different classes of customers. Single-family, multi-family and mobile home residential Wastewater System customers are charged a fixed monthly charge designed to recover the cost of providing wastewater service. Residential Wastewater System customers are billed annually on their property tax bills. Non-residential sewer rates follow a uniform rate structure, with rates based on customer class and monthly water usage measured in one CCF and are billed monthly.

On October 20, 2025, after a notice, public hearing and protest process described under the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218," the Board of Directors approved the Adopted Rate Plan, which included Wastewater System annual rate increases of approximately 7.0% effective February 17, 2026 and each January 1 thereafter through January 1, 2030, subject to an annual review of the need to implement the rate increases and adjust the percentage of rate increase downward, if warranted. The Board of Directors has the authority to reduce such rates in the future, subject to the rate covenant with respect to the Wastewater System described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2026A CERTIFICATES—Rate Covenants." The Wastewater System projected operating results under the caption "—Projected Operating Results and Debt Service Coverage" are based on the Adopted Rate Plan and assume implementation of the approved rate increases by the Board of Directors in Fiscal Years through 2029-30. In the event the Board of Directors reduces or eliminates any of such approved rate increases, the District's projected operating results set forth under the captions "—Projected Operating Results and Debt Service Coverage" and "FINANCIAL INFORMATION OF THE DISTRICT—Projected Operating Results and Debt Service Coverage" may be materially adversely affected.

A summary of the monthly wastewater charges for residential customers of the District shown in the Adopted Rate Plan are shown in the following table:

Mission Springs Water District
Monthly Wastewater Charges for Residential Customers

			Effective,		
Customer Class	***February 17, 2026***	***January 1, 2027***	***January 1, 2028***	***January 1, 2029***	***January 1, 2030***
Single-Family Residential	$53.75	$57.51	$61.54	$65.85	$70.46
Multi-Faily Residential (per dwelling unit)	$34.29	$36.69	$39.26	$42.01	$44.95
Mobile Home Park (per parking space)	$34.27	$36.67	$39.24	$41.99	$44.93

Source: Mission Springs Water District.

Rates for non-residential customers range from $3.59 to $10.07 per CCF per month effective February 17, 2026, and the Adopted Rate Plan allows for increases each January 1 from January 1, 2027 through January 1, 2030 of approximately 7% annually.

Connections Fees. For residential customers, single family dwellings are charged $2,520 per unit. Duplexes, triplexes, and multi-family dwellings are charged $2,020 per unit. The table below shows connection fees for non-residential customers.

Mission Springs District
Wastewater System Connections Fees
2026 Rates Non-Residential

Meter Size	***Connection Fee***
¾ Inch	$2,520
1 Inch	$4,210
1½ Inch	$8,420
2 Inch	$13,470
3 Inch	$25,250
4 Inch	$42,090
6 Inch	$84,180

Source: The District.

Wastewater Service Charges. The table below sets forth a comparison of the average monthly wastewater billings of the District for a single-family residential user to those of similar wastewater purveyors as of October 20, 2025.

Community	***Annual Bill***
Coachella Valley Water District	$406.44
City of Palm Springs	475.44
Coachella Sanitation Division	596.88
Mission Springs Water District	***601.92***
Valley Sanitation District	720.82

Source: Mission Springs Water District.

Collection Procedures

Monthly residential Wastewater System charges are not included on District water bills but rather are billed annually on the customer's property tax bill.

Non-residential Wastewater System customers are billed monthly on the customer's water bill. Bills for sewer service are rendered at the end of each billing period and are due and payable upon presentation. If full payment is not received at the business office of the District on or before the final payment date, the bill becomes past due and delinquent. A delinquency notice is mailed to customers whose accounts are delinquent by more than 21 days warning that service will be disconnected. A charge is added to each delinquent account at the time any amount becomes delinquent.

Future Wastewater System Improvements

Including the projects described under the caption "THE 2026A PROJECTS—The Wastewater System Projects," the District estimates total capital improvements to the Wastewater System for existing users of approximately $40.7 million over the next five years. The District does not expect capital improvements to the Wastewater System to accommodate future growth for the next five years, due to the recent completion of the Regional Wastewater Treatment Plant. The District does not expect to need additional debt financing in the next five years to fund wastewater projects and plans to fund the projects by facility capacity charges, grants and Wastewater System Revenues. The District expects to obtain all environmental and other permits and approvals necessary for such capital improvements in a timely manner to permit expenditures on the referenced capital improvements.

Projected Wastewater Connections

The following table shows the increase in the number of wastewater connections to the Wastewater System projected by the District for Fiscal Year 2025-26 through Fiscal Year 2029-30:

Mission Springs Water District
Projected Wastewater System Connections

Fiscal Year Ended June 30	*Single-Family Residential*	*Multi-Family Residential*	*Commercial*	*Other*[(1)]	*Total*	*Percentage Increase/ (Decrease)*
2026	8,415	632	289	1	9,337	N/A
2027	8,583	645	295	1	9,524	2.0%
2028	8,754	658	301	1	9,714	2.0
2029	8,929	671	307	1	9,908	2.0
2030	9,108	684	313	1	10,106	2.0

(1) Reflects industrial and other customers.
Source: Mission Springs Water District.

The number of connections to the Wastewater System will be affected by the pace of development activity within the portions of the District served by the Wastewater System.

Projected Wastewater System Usage

The District currently estimates that Wastewater System usage for Fiscal Year 2025-26 through Fiscal Year 2029-30 will be as follows:

Mission Springs Water District
Projected Wastewater System Usage

Fiscal Year Ended June 30	*Wastewater Treatment (AF)*	*Increase/(Decrease)*	*Daily Average Flow (mgd)*	*Increase/(Decrease)*
2026	2,402	N/A	2.14	N/A
2027	2,450	2.00%	2.19	2.30%
2028	2,499	2.00	2.23	1.80
2029	2,549	2.00	2.27	1.80
2030	2,600	2.00	2.32	2.20

Source: Mission Springs Water District.

Wastewater System usage will be affected by a number of factors, including connections to the Wastewater System and water usage by Wastewater System customers and rates and charges. See the caption "—Projected Wastewater Connections" above.

Projected Wastewater Service Charge Revenues

The following table shows the sales revenues of the Wastewater System projected by the District for Fiscal Years 2025-26 through 2029-30. The projections assume Wastewater System rate increases in accordance with the Adopted Rate Plan "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218."

Mission Springs Water District
Projected Wastewater Service Charge Revenues

Fiscal Year Ending December 31	*Service Charge Revenues*	*Increase/(Decrease)*
2024	$7,496,572	N/A
2025	7,601,825	1.4%
2026	7,514,839	(1.1)
2027	8,254,500	9.8
2028	9,015,864	9.2

Source: The District.

Historical Operating Results and Debt Service Coverage

The following table is a summary of operating results of the Wastewater System of the District for the last five audited Fiscal Years. These results have been derived from the Financial Statements of the District but exclude certain receipts which are not included as Revenues under the Installment Purchase Agreement and certain non-cash items and include certain other adjustments as required or permitted by the Installment Purchase Agreement.

Mission Springs Water District
Wastewater System
Historical Operating Results
Fiscal Years Ended June

	2021	***2022***	***2023***	***2024***	***2025***
Revenues					
Services[(1)]	$ 7,593,694	$ 7,180,697	$ 7,631,064	$ 7,496,572	$ 7,601,825
Standby and Availability	12,302	12,182	11,997	11,960	10,678
Backup Facilities and Front Footage Fees	174,740	278,440	590,266	46,820	279,860
Property Taxes	746,562	870,063	1,018,872	648,745	2,021,004
Special Assessments[(2)]	398,623	329,617	561,676	0	0
Investment Income[(3)]	32,346	(277,035)	(53,081)	695,915	1,478,994
Grants	102,376	50,101	32,378,800	13,865,273	13,230,809
Other	4,878	419,333	115,860	189,916	81,975
Total Revenues	$ 9,065,521	$ 8,863,398	$ 42,255,454	$ 22,955,201	$ 24,705,145
Operation and Maintenance Costs					
Customer Accounts	$ 196,092	$ 241,248	$ 227,375	$ 240,413	$ 244,507
Sewage Collection	310,414	437,653	337,078	712,786	296,793
Sewage Treatment	1,759,633	1,994,382	2,418,715	2,531,785	2,351,831
Standby Wages	79,552	87,137	95,760	107,434	125,018
Groundwater Management[(4)]	(3,447)	0	338	1,790	2,583
Public Affairs	81,494	154,617	284,312	344,889	374,508
General and Administrative	1,563,310	1,944,614	1,444,621	1,801,136	2,367,214
Other	4,878	105	31,206	37,403	3,937
Total Operation and Maintenance Costs	$ 3,991,926	$ 4,859,756	$ 4,839,405	$ 5,777,636	$ 5,766,391
Net Revenues	$ 5,073,595	$ 4,003,642	$ 37,416,049	$ 17,177,565	$ 18,938,754
Debt Service					
Prior Loans	$ 398,845	$ 398,938	$ 606,772	$ 997,408	$ 1,042,881
SWRCB Loan	302,150	302,150	302,150	302,150	302,150
Total Debt Service	$ 700,995	$ 701,088	$ 908,922	$ 1,299,558	$ 1,345,031
Debt Service Coverage	7.24x	5.71x	41.17x	13.22x	14.08x
Net Revenues Available for Capital Projects or Other Purposes	$ 4,372,600	$ 3,302,554	$ 36,507,127	$ 15,878,007	$ 17,593,723

(1) Represents Wastewater System rate revenues. See the captions "—Historical Wastewater Service Charge Revenues" and "—Wastewater System Rates and Charges."
(2) The District previously collected a special assessment for establishing sewer service in various assessment districts and ceased levying the special assessments after Fiscal Year 2022-23. The amounts were paid and the funds closed.
(3) Includes changes in fair market value of investments.
(4) Negative amounts in Fiscal Year 2020-21 due to corrected cash receipts related to the Groundwater Guardian.
Source: Mission Springs Water District.

Projected Operating Results and Debt Service Coverage

The District's projected operating results for Fiscal Year 2025-26 through Fiscal Year 2029-30 are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents the District's estimate of projected financial results based on a variety of assumptions, including the assumptions set forth in the footnotes to the chart below. All of such assumptions are material in the development of the District's financial projections, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

Mission Springs Water District
Wastewater System
Projected Operating Results
Fiscal Year Ended December 31

	2026[1]	*2027*[2]	*2028*	*2029*	*2030*
Revenues					
Services[3]	$ 7,514,839	$ 8,254,500	$ 9,015,864	$ 9,847,454	$ 10,755,748
Standby and Availability	10,678	10,678	10,678	10,678	10,678
Backup Facilities and Front Footage Fees	279,860	279,860	279,860	279,860	279,860
Property Taxes[4]	2,061,424	2,102,653	2,144,706	2,187,600	2,231,352
Investment Income[5]	559,019	457,185	339,402	237,730	232,914
Grants[6]	2,800,000	8,000,000	--	--	--
Other	81,974	81,974	81,974	81,974	81,974
Transfers to/(from) Rate Stabilization Fund[7]	--	--	--	--	--
Total Revenues	$ 13,307,794	$ 19,186,850	$ 11,872,484	$ 12,645,296	$ 13,592,526
Operation and Maintenance Costs[8]					
Customer Accounts	$ 251,842	$ 259,397	$ 267,179	$ 275,195	$ 283,451
Sewage Collection	305,697	314,868	324,313	334,043	344,064
Sewage Treatment	2,422,386	2,495,058	2,569,309	2,647,007	2,726,417
Standby Wages	128,769	132,632	136,611	140,709	144,930
Groundwater Management	2,660	2,740	2,822	2,907	2,994
Public Affairs	385,743	397,316	409,235	421,512	434,157
General and Administrative	2,438,230	2,511,377	2,586,719	2,664,320	2,744,250
Total Operation and Maintenance Costs	$ 5,935,327	$ 6,113,388	$ 6,296,188	$ 6,485,693	$ 6,680,263
Net Revenues	**$ 7,372,467**	**$ 13,073,462**	**$ 5,576,296**	**$ 6,159,603**	**$ 6,912,263**
Debt Service					
Prior Loans[9]	$ 727,830	--	--	--	--
SWRCB Loan[10]	302,150	$ 302,510	$ 302,510	$ 302,510	$ 302,510
2026 Installment Payments[11]	--	443,535	513,675	513,450	514,425
Total Debt Service	$ 1,029,980	$ 746,045	$ 816,185	$ 815,960	$ 816,935
Debt Service Coverage	7.16x	17.52x	6.83x	7.55x	8.46x
Net Revenues Available for Capital Projects or Other Purposes	**$ 6,342,487**	**$ 12,327,417**	**$ 4,760,111**	**$ 5,343,643**	**$ 6,095,328**

(1) Represents unaudited forecasted amounts for Fiscal Year 2025-26 with certain adjustments.
(2) Based on the District's Adopted Rate Plan, which was adopted in October 2025, with certain adjustments.
(3) Represents Wastewater System rate revenues. Projected to increase by 7.0% annually based on the Adopted Rate Plan. See the captions "—Wastewater System Rates and Charges" and "—Projected Water System Service Charge Revenues."
(4) Projected to increase by 2.0% annually and assumes that approximately 45% of 1% Property Tax Revenues will be allocated to the Water System each year. See the caption "THE MISSION SPRINGS WATER DISTRICT—1% Property Tax Revenues."
(6) Includes grants projected to be received in Fiscal Year 2026-27 in the amount of approximately $2.8 million and in Fiscal Year 2027-28 in the amount of approximately $8.0 million for the District's M-2 Septic to Sewer project pursuant to which an area of residential homes will be converted from septic to sewer and the project is 100% grant funded by the SWRCB.
(7) See the caption "SECURITY AND SOURCES OF PAYMENTS FOR THE 2026A CERTIFICATES—Rate Stabilization Funds."
(8) Operations and Maintenance Costs projected to increase by 3.0% annually.
(9) Represents various loans the District prepaid during Fiscal Year 2025-26 in the aggregate principal amount of approximately $1.0 million.
(10) As described under the caption "MISSION SPRINGS WATER DISTRICT—Other Outstanding Revenue Obligations," the SWRCB loan is payable only from Wastewater System Revenues on a parity with the Installment Payments.
(11) *Preliminary, subject to change.*
Source: Mission Springs Water District.

FINANCIAL INFORMATION OF THE DISTRICT

Financial Statements

A copy of the most recent audited basic financial statements and memorandum of internal control of the District for the Fiscal Year ending June 30, 2025, prepared by Rogers, Anderson, Malody & Scott, LLP (the "Auditor") and the Auditor's memorandum of internal control are included as Appendix A hereto (the "Financial Statements"). The Auditor's letter concludes that the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of each major fund of the District, as of June 30, 2025 and the respective changes in financial position, and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The Auditor has not reviewed the information contained in this Official Statement, nor has the Auditor been asked to consent to the inclusion of the Financial Statements herein.

The summary operating results contained under the caption "—Historical Operating Results and Debt Service Coverage" are derived from these financial statements (excluding certain non-cash items and after certain other adjustments required or permitted by the Installment Purchase Agreement) and are qualified in their entirety by reference to such statements, including the notes thereto.

Historical Operating Results and Debt Service Coverage

The following tables are summaries of operating results of the District, for the last five audited Fiscal Years. These results have been derived from the Financial Statements of the District but exclude certain receipts which are not included as Revenues under the Installment Purchase Agreement and certain non-cash items and include certain other adjustments required or permitted by the Installment Purchase Agreement.

Mission Springs Water District
Historical Operating Results
Fiscal Year Ended June 30

	2021	*2022*	*2023*	*2024*	*2025*
Revenues					
Sales[1]	$ 9,356,599	$ 9,179,862	$ 8,567,815	$ 8,718,019	$ 9,230,233
Services[2]	10,465,310	9,983,371	10,559,056	10,416,524	10,626,999
Standby and Availability	230,368	226,363	228,579	221,794	228,834
Backup Facilities and Front Footage Fees	734,803	951,789	1,271,040	409,961	1,363,206
Meter Installations	103,647	151,640	167,762	84,862	178,452
Property Taxes[3]	2,129,487	2,330,086	2,734,186	2,535,108	4,467,738
Special Assessments	398,623	32,617	561,676	0	0
Investment Income[4]	95,722	(768,193)	569,505	2,350,424	3,368,864
Grants	655,884	98,129	32,444,900	13,865,273	13,287,085
Other	1,027,305	2,585,257	1,994,656	1,895,850	1,117,444
Total Revenues	$ 25,197,748	$ 15,591,059	$ 50,531,360	$ 31,779,796	$ 34,638,622
Operation and Maintenance Costs					
Pumping	$ 2,208,877	$ 2,622,863	$ 3,349,241	$ 3,638,037	$ 3,114,613
Transmission and Distribution	1,566,907	1,507,366	2,138,374	2,344,025	2,609,426
Customer Accounts	1,227,391	1,250,969	1,275,292	1,173,089	1,212,385
Sewage Collection	310,414	437,653	337,078	712,786	296,793
Sewage Treatment	1,759,633	1,994,382	2,418,715	2,531,785	2,351,831
Standby Wages	172,191	175,965	188,518	213,409	235,837
Groundwater Management[5]	(12,731)	0	1,100	5,506	7,995
Public Affairs	313,826	505,895	1,042,893	1,070,157	1,169,241
General and Administrative	5,843,252	6,197,486	4,648,796	5,592,337	7,273,891
Other	35,349	281	303,280	53,093	101,304
Total Operation and Maintenance Costs	$ 13,425,109	$ 10,562,631	$ 10,215,672	$ 11,352,162	$ 12,649,277
Net Revenues	$ 11,772,639	$ 5,028,428	$ 40,315,688	$ 20,427,634	$ 21,989,345
Debt Service					
Prior Loans	$ 771,115	$ 43,347	$ 43,292	$ 43,323	$ 43,236
SWRCB Loan	302,150	302,510	302,510	302,510	302,510
Total Debt Service	$ 1,073,265	$ 345,857	$ 345,802	$ 345,833	$ 345,746
Debt Service Coverage	10.97x	14.54x	116.59x	59.07x	63.60x
Net Revenues Available for Capital Projects or Other Purposes	$ 10,699,374	$ 4,682,571	$ 39,969,886	$ 20,081,801	$ 21,643,599

(1) Represents consumption charges for Water System residential, commercial, and other customers. See the caption “THE WATER SYSTEM—Historical Operating Results and Debt Service Coverage.” Decrease in Fiscal Year 2022- 23 due to wet weather during the year.
(2) Represents service charges charged to Water System and Wastewater System customers. See the captions “THE WATER SYSTEM—Historical Operating Results and Debt Service Coverage” and “THE WASTEWATER SYSTEM—Historical Operating Results and Debt Service Coverage.”
(3) Represents the 1% Property Tax Revenues received by the District. See the caption “THE MISSION SPRINGS WATER DISTRCT—1% Property Tax Revenues.”
(4) Includes changes in fair market value of investments.
(5) Negative amounts in Fiscal Year 2020-21 due to corrected cash receipts related to the Groundwater Guardian.
Source: Mission Springs Water District.

Projected Operating Results and Debt Service Coverage

The District's projected operating results for Fiscal Year 2024 through Fiscal Year 2028 are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents the District's estimate of projected financial results based on a variety of assumptions, including the assumptions set forth in the footnotes to the chart below. All of such assumptions are material in the development of the District's financial projections, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

Mission Springs Water District
Projected Operating Results
Fiscal Year Ended December 31

	2026[1]	*2027*[2]	*2028*	*2029*	*2030*
Revenues					
Sales[3]	$ 9,576,367	$ 10,438,240	$ 11,377,682	$ 12,401,673	$ 13,517,824
Services[4]	10,653,457	11,675,594	12,744,856	13,912,055	15,186,163
Standby and Availability	202,678	202,678	202,678	202,678	202,678
Backup Facilities and Front Footage Fees	1,363,206	1,363,206	1,363,206	1,363,206	1,363,206
Meter Installations	120,000	120,000	120,000	120,000	120,000
Property Taxes[5]	4,557,093	4,648,235	4,741,200	4,836,024	4,932,744
Investment Income	699,871	696,074	605,961	486,380	510,213
Grants[6]	5,415,098	13,877,181	5,079,727	--	--
Other	1,117,444	1,117,444	1,117,444	1,117,444	1,117,444
Transfers to/(from) Rate Stabilization Funds[7]	--	--	--	--	--
Total Revenues	$ 33,705,214	$ 44,138,652	$ 37,352,754	$ 34,439,460	$ 36,950,272
Operation and Maintenance Costs[8]					
Pumping	$ 3,208,051	$ 3,304,293	$ 3,403,422	$ 3,505,525	$ 3,610,691
Transmission and Distribution	2,687,709	2,768,340	2,851,390	2,936,932	3,025,040
Customer Accounts	$1,248,756	$1,286,218	$1,324,805	$1,364,550	$1,405,487
Sewage Collection	305,697	314,868	324,313	334,043	344,064
Sewage Treatment	2,422,386	2,495,058	2,569,309	2,647,007	2,726,417
Standby Wages	242,913	250,200	257,706	265,437	273,400
Groundwater Management	8,234	8,481	8,735	8,997	9,267
Public Affairs	1,204,318	1,240,448	1,277,661	1,315,991	1,355,470
General and Administrative	7,492,107	7,716,870	7,948,377	8,186,828	8,432,433
Other	50,268	51,776	53,329	54,929	56,577
Total Operation and Maintenance Costs	$ 18,870,439	$ 19,436,552	$ 20,019,047	$ 20,620,239	$ 21,238,846
Net Revenues	$ 14,834,775	$ 24,702,100	$ 17,333,707	$ 13,819,221	$ 15,711,426
Debt Service					
Prior Loans[9]	$ 43,335	--	--	--	--
SWRCB Loan[10]	302,150	302,510	302,510	302,510	302,510
2026 Certificates[11]	--	1,478,450	1,712,250	1,711,500	1,714,750
Total Debt Service	$ 345,485	$ 1,780,960	$ 2,014,760	$ 2,014,010	$ 2,017,260
Debt Service Coverage	42.94x	13.87x	8.60x	6.86x	7.79x
Net Revenues Available for Capital Projects or Other Purposes	$ 14,489,290	$ 22,921,140	$ 15,318,947	$ 11,805,211	$ 13,694,166

(1) Represents unaudited forecasted amounts for Fiscal Year 2025-26 with certain adjustments.
(2) Based on the District's Adopted Rate Plan, which was adopted in October 2025, with certain adjustments.
(3) Represents consumption charges for Water System residential, commercial, and other customers. Projected to increase by 9.0% annually based on the Adopted Rate Plan. See the captions "THE WATER SYSTEM—Water System Rates and Charges," "—Projected Water System Sales Revenues" and "—Projected Operating Results and Debt Service Coverage."
(4) Represents service charges charged to Water System and Wastewater System customers. Projected to increase by 7.0% annually based on the Adopted Rate Plan. See the captions "THE WATER SYSTEM—Projected Operating Results and Debt Service Coverage" and "THE WASTEWATER SYSTEM—Projected Operating Results and Debt Service Coverage."
(5) Projected to increase by 2.0% annually and assumes that approximately 55% of 1% Property Tax Revenues will be allocated to the Water System and 45% will be allocated to the Wastewater System each year based on Fiscal Year 2024-25 allocation. See the caption "THE MISSION SPRINGS WATER DISTRICT—1% Property Tax Revenues."
(6) Includes grants projected to be received by the Water System in Fiscal Year 2026-27 in the amount of approximately $5.9 million and in Fiscal Year 2027-28 in the amount of approximately $5.1 million for the District's future water infrastructure needs, such as wells and booster stations. Also includes grants projected to be received by the Wastewater System in Fiscal Year 2026-27 in the amount of approximately $2.8 million and in Fiscal Year 2027-28 in the amount of approximately $8.0 million for the District's M-2 Septic to Sewer project pursuant to which an area of residential homes will be converted from septic to sewer and the project is 100% grant funded by the SWRCB.
(7) See the caption "SECURITY AND SOURCES OF PAYMENTS FOR THE 2026A CERTIFICATES—Rate Stabilization Funds."
(8) Operations and Maintenance Costs projected to increase by 3.0% annually.
(9) Represents various loans the District prepaid during Fiscal Year 2025-26 in the aggregate principal amount of approximately $1.3 million.
(10) As described under the caption "MISSION SPRINGS WATER DISTRICT—Other Outstanding Revenue Obligations," the SWRCB loan is payable only from Wastewater System Revenues on a parity with the Installment Payments.
(11) *Preliminary, subject to change.*
Source: Mission Springs Water District.

INVESTMENT CONSIDERATIONS

The following information, in addition to the other matters that are described in this Official Statement, should be considered by prospective investors in evaluating the 2026A Certificates. However, the following does not purport to be comprehensive, definitive or an exhaustive listing of risks and other considerations that may be relevant to making an investment decision with respect to the 2026A Certificates. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. If any risk factor materializes to a sufficient degree, it alone or in combination with other risk factors could delay or preclude payment of principal or interest with respect to the 2026A Certificates.

Accuracy of Assumptions

To estimate the Net Revenues which will be available to pay the Installment Payments, the District has made certain assumptions with regard to various matters, including but not limited to future development within the District, increases in property tax receipts and increases in revenues resulting therefrom, the rates and charges to be imposed in future years, the expenses associated with operating the Water System and the Wastewater System and the interest rate at which funds will be invested. The District believes these assumptions to be reasonable, but to the extent that any of such assumptions fail to materialize, the Net Revenues available to pay the Installment Payments will, in all likelihood, be less than those projected herein. See the captions "WATER SYSTEM FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverage." See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2026A CERTIFICATES—Rate Covenants."

Rates Covenants Not a Guarantee

The Installment Payments are payable from Net Revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2026A CERTIFICATES." The District's ability to pay the Installment Payments depends on its ability to generate Net Water System Revenues and Net Wastewater System Revenues at the levels required by the Installment Purchase Agreement. Although the District has covenanted in the Installment Purchase Agreement to impose rates and charges as more particularly described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2026A CERTIFICATES — Rate Covenants" and expects that sufficient Net Water System Revenues and Net Wastewater System Revenues will be generated through the imposition and collection of such rates and charges, there is no assurance that the imposition and collection of such rates and charges will result in the generation of Net Water System Revenues and Net Wastewater System Revenues in the amounts required by the Installment Purchase Agreement. No assurance can be made that Net Water System Revenues and Net Wastewater System Revenues, estimated or otherwise, will be realized by the District in amounts sufficient to pay the Installment Payments. Among other matters, the availability of and demand for water and wastewater services, and changes in law and government regulations could adversely affect the amount of revenues realized by the District. If District is unable to increase rates and charges for any reason, it may be necessary for the District to implement other actions to comply with the rate covenants, including reducing expenses.

Limitations on Increases of Water and Wastewater Rates

Under State law, the District is generally not permitted to apply revenues of the Water System to pay costs related to the Wastewater System, and vice versa. In the event that Water System Revenues decrease as a result of reduced water consumption or for reasons under or beyond the District's control, the District is not authorized under State law to increase rate and charges of its Wastewater System in order to pay any costs of the Water System. In the event that Wastewater System Revenues decrease as a result of reduced demand for Wastewater Service or for reasons under or beyond the District's control, the District is not authorized under State law to increase rate and charges of its Water System in order to pay any costs of the Wastewater System. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES — Proposition 218." As a result, a material decrease in the amount of either Wastewater Revenues or Water Revenues on its own could result in insufficient amounts of Net Revenues to pay Installment Payments. The District Board of Directors has adopted rate increases for water, wastewater and recycled water services through

2028 as described under the captions "THE WATER SYSTEM OF THE DISTRICT—Water System Rates and Charges," "THE WASTEWATER SYSTEM OF THE DISTRICT—Wastewater System Rates and Charges" and "—Recycled Water System Rates and Charges." There can be no assurance, however, that such rate increases will be implemented by the Board of Directors as currently adopted.

System Demand

There can be no assurance that the demand for Water Service and Wastewater Service will occur as described in this Official Statement. Reduction in levels of demand could require an increase in rates or charges in order to comply with the rate covenants. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2026A CERTIFICATES—Rate Covenants." Demand for Water Service and Wastewater Service could be reduced or may not occur as projected by the District as a result of reduced levels of development in the District's service area, hydrological conditions, conservation efforts, an economic downturn, mandatory State conservation orders and other factors.

System Expenses

There can be no assurance that the District's expenses will be consistent with the descriptions in this Official Statement. Operation and Maintenance Costs may vary with hydrological conditions, the quality and amount of water supplies, the quality and treatment requirements of wastewater, as well as treatment costs, regulatory compliance costs, labor costs (including costs related to pension and other post-employment benefits) and other factors. See the caption "THE WATER SYSTEM OF THE DISTRICT—Water Supply." Increases in Operation and Maintenance Costs could require an increase in rates or charges in order to comply with the rate covenants. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2026A CERTIFICATES—Rate Covenants."

Limited Recourse on Default

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

Natural Disasters

General. The occurrence of any natural disaster in the District's service area, including, without limitation, earthquake, wildfire, drought, high winds, landslide or flood, could have an adverse material impact on the economy within the District and the revenues available for the payment of the Installment Payments and result in substantial damage to and interference with the operations of the Water System and the Wastewater System. The District adopted a Local Hazard Mitigation Plan in 2022 to identify potential hazards to the District and formulate mitigation measures for the future protection of the District's critical infrastructure and the community's safety with respect to the District's facilities and services

Seismic Activity. Portions of the District's service area may be subject to unpredictable seismic activity. According to the District's Local Hazard Mitigation Plan, the District is in a tectonically active region near the boundary of the Pacific and American crustal plates. This boundary is generally marked by the San Andreas Fault Zone, which extends throughout the District. The San Andreas system of faults exhibits predominantly right strike-slip movement (i.e., horizontal displacement to the right when viewed across the faults), whereby the Pacific Plate moves relatively northwest with respect to the continent. This active tectonic environment has strongly influenced the geologic and physiographic history of the District.

The Installment Purchase Agreement does not require the District to maintain earthquake insurance. The District maintains liability insurance for the Water System and the Wastewater System and property casualty insurance (for losses other than from seismic events) for certain portions of the Water System and the Wastewater

System. See the caption "THE MISSION SPRINGS WATER DISTRICT—District Insurance." However, there can be no assurance that specific losses will be covered by insurance or, if covered, that claims will be paid in full by the applicable insurers. Furthermore, significant portions of the Water System and the Wastewater System, including underground pipelines and manhole covers, are not covered by property casualty insurance. Damage to such portions of the Water System and the Wastewater System as a result of natural disasters would result in uninsured losses to the District.

Wildfires. In recent years, wildfires have caused extensive damage throughout the State, including within the County. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances entire neighborhoods have been destroyed. Several fires in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. In 2023, as in several prior years, for example, devastating wildfires burned in various communities in the State, causing wide-spread damage. In 2025, communities in Los Angeles County, including Pacific Palisades, Malibu and Altadena, experienced widespread devastation from wildfires causing losses of life, thousands of burned homes, and billions of dollars in property damage. The County is also periodically subject to large-scale wildfires and is expected to be subject to wildfires in the future. In recent years, wildfires have burned hundreds of acres at a time and destroyed dozens of homes and structures in the County. .

In March 2025, the California Department of Forestry and Fire Protection ("Cal Fire") released an updated Fire Hazard Severity Zone map for the Southern California region. The Cal Fire Hazard Severity Zone maps evaluate fire hazard, which is defined as the likelihood and expected fire behavior over a 30 to 50-year period without considering mitigation measures such as home hardening, recent wildfire or fuel reduction efforts, as opposed to risk, which is the potential damage a fire can do to the area under existing conditions, accounting for any modifications such as fuel reduction projects, defensible space, and ignition resistant building construction. Pursuant to State law, the State Fire Marshal is mandated to classify the state responsibility areas where the state has financial responsibility for wildfire protection and prevention into Fire Hazard Severity Zones classified as "Moderate," "High" or "Very High." In areas designated as local responsibility areas, where local agencies have financial responsibility for wildfire protection and prevention, Cal Fire's Fire Hazard Severity Zone maps make recommendations for the classification of Moderate, High or Very High Fire Hazard Severity Zones and the local agencies must adopt maps which either adopt Cal Fire's recommendations or place the relevant areas in a higher classification. For more information on Cal Fire's Fire Hazard Severity Zone maps, see the Cal Fire website.

Portions of the District's service area are located within areas designated as Moderate and high Fire Hazard Severity Zones and there is a risk that property within the District's service area may be damaged or destroyed by wildfires, which may reduce the Net Revenues available to pay the Installment Payments and no assurance can be given as to the severity or frequency of wildfires within the vicinity of the District or the impact on the operations of the Water System and the Wastewater System.

Climate Change

One of the factors that may pose a risk to the operations of the Water System and the Wastewater System is climate change. Climate change caused by human activities may have adverse effects on the District and the property within the District's service area. Climate change can also result in more variable weather patterns, which can lead to longer and more severe droughts as well as increased risk of flooding. Projections of the impacts of global climate change on the District and the property within the District's service area are complex and depend on many factors that are outside the District's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the District is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts. The District expects to continue to consider the effects of climate change in its own planning and to participate in regional planning initiatives. While the impacts of climate change may be mitigated by the District's past and future investment in adaptation strategies, the District can give no assurance about the net effects of those strategies and whether the District will be required to take additional adaptive mitigation measures. Particular potential impacts of climate change on the District include worsening air quality, increased flooding, and heatwaves.

Limitations on Remedies Available; Bankruptcy

The enforceability of the rights and remedies of the Owners and the obligations of the District may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; equitable principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercising of powers by the federal or State government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation or modification of their rights.

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

Limited Obligations

The Installment Purchase Agreement is a limited obligation of the District payable solely from Net Revenues and secured solely by the Revenues pledged in the Installment Purchase Agreement. If for any reason, the District does not collect sufficient Revenues to pay the Installment Payments, the District will not be obligated to utilize any other of its funds, other than certain amounts on deposit in the funds and accounts established under the Trust Agreement to pay the 2026A Certificates.

Statutory and Regulatory Compliance

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

Claims against the Water System or the Wastewater System for failure to comply with applicable laws and regulations could be significant. Such claims may be payable from assets of the Water System or the Wastewater System and constitute Operation and Maintenance Costs or from other legally available sources. In addition to claims by private parties, changes in the scope and standards for municipal water and wastewater systems such as that operated by the District may also lead to administrative orders issued by federal or State regulators. Future compliance with such orders can also impose substantial additional costs on the District. In addition to the other limitations described herein, the State electorate or Legislature could adopt a Constitutional amendment, legislation or an initiative with the effect of reducing revenues payable to or collected by the District. No assurance can be given that the cost of compliance with such laws, regulations and orders would not adversely affect the ability of the District to generate Net Revenues in amounts that are sufficient to pay the Installment Payments.

Parity Obligations

The Installment Purchase Agreement permits the District to issue Bonds and enter into Contracts payable from Net Revenues on a parity with the Installment Payments, which secure the 2026A Certificates,, subject to the terms and conditions set forth therein. The issuance of additional Bonds or the execution of additional Contracts could result in reduced Net Revenues available to pay the Installment Payments. The District has covenanted to use its best efforts to set rates and charges for Water Service and Wastewater Service, respectively, to maintain coverage of at least 115% of Debt Service allocable to the Water System and Wastewater System, respectively, as further described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2026A CERTIFICATES—Additional Contracts and Bonds."

Loss of Tax Exemption

Interest with respect to the 2026A Certificates could become includable in gross income for purposes of federal income taxation retroactive to the date that the 2026A Certificates were executed and delivered as a result of future acts or omissions of the District in violation of its covenants in the Installment Purchase Agreement and the Trust Agreement. In addition, current and future legislative proposals, if enacted into law, may cause interest with respect to the 2026A Certificates to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the aggregate amount of interest on state and local government bonds that may be treated as tax exempt by individuals. See the caption "TAX MATTERS." Should such an event of taxability occur, the 2026A Certificates are not subject to a special prepayment and will remain outstanding until maturity.

Secondary Market

There can be no guarantee that there will be a secondary market for the 2026A Certificates or, if a secondary market exists, that any 2026A Certificates can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

Cybersecurity

Municipal agencies, like other business entities, face significant risks relating to the use and application of computer software and hardware. There have been significant cyber security incidents affecting municipal agencies, including a freeze affecting computer systems of the City of Atlanta, an attack on the City of Baltimore's 911 system, an attack on the Colorado Department of Transportation's computers and an attack that resulted in the temporary closure of the Port of Los Angeles' largest terminal.

The District and its vendors employ a multi-level cyber protection scheme that includes firewalls, anti-virus software, anti-spam/malware software, intrusion protection and domain name system filtering software. The District regularly analyzes the network construct for potential weaknesses in cyber security and thereafter promptly implements solutions for identified shortfalls. In addition, the District contracts with third party vendors to monitor and augment internal monitoring of the District's computer systems. To date, the District has not experienced an external attack on its computer operating systems resulting in a data breach. Staff is regularly trained to spot potential scams or inconsistencies in network performance which may indicate system vulnerability. However, there can be no assurance that a future attack or attempted attack would not result in disruption of District operations. The District expects that any such disruptions would be temporary in nature.

CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES

Article XIIIB

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

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

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

The District is of the opinion that the rates imposed by the District do not exceed the costs that the District reasonably bears in providing water or wastewater service. The District will covenant in the Installment Purchase Agreement that, to the fullest extent permitted by law, it will prescribe rates and charges sufficient to provide Net Revenues for payment of the Installment Payments in each Fiscal Year, as described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2026A CERTIFICATES—Rate Covenants."

Proposition 218

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

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

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

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

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

The District has complied with the notice, hearing and protest procedures in Article XIIID with respect to water and wastewater increases, as further explained by the State Supreme Court decision in the *Bighorn* Case, since 2004.

On April 20, 2015, the California Court of Appeal, Fourth District, issued an opinion in *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano*, 235 Cal. App. 4th 1493 (2015) (the "*SJC* Case"). In this case, the court upheld tiered water rates under Proposition 218 provided that the tiers correspond to the actual cost of furnishing service at a given level of usage. The opinion was specific to the facts of the case, including a finding that the City of San Juan Capistrano did not attempt to calculate the actual costs of providing water at various tier levels. The District does not currently expect the decision in the *SJC* Case to affect its water rate structure. The District believes that its current water rates comply with the requirements of Proposition 218 and expects that any future water rate increases will comply with the Initiative.

Article XIIIC. Article XIIIC provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments. Article XIIIC does not define the terms "local tax," "assessment," "fee" or "charge," so it was unclear whether the definitions set forth in Article XIIID referred to above are applicable to Article XIIIC. Moreover, the provisions of Article XIIIC are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996. On July 24, 2006, the State Supreme Court held in the *Bighorn* Case that the provisions of Article XIIIC included rates and fees charged for domestic water use. In the decision, the Court noted that the decision did not address whether an initiative to reduce fees and charges could override statutory rate setting obligations. The District does not believe that Article XIIIC grants to the voters within the District the power to repeal or reduce the water charges in a manner which would be inconsistent with the contractual obligations of the District. However, there can be no assurance of the availability of particular remedies adequate to protect the beneficial owners of the 2026A Certificates. Remedies available to beneficial owners of the 2026A Certificates in the event of a default by the District are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time-consuming to obtain.

In addition to the specific limitations on remedies contained in the applicable documents themselves, the rights and obligations with respect to the 2026A Certificates, the Installment Purchase Agreement and the Trust Agreement are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, and to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State. The various opinions of counsel to be delivered with respect to such documents, including the opinion of Special Counsel (the form of which is attached as Appendix C), will be similarly qualified.

The District believes that its current water and wastewater rates and other property-related charges comply with the requirements of Proposition 218 and expects that any future water and wastewater rates and other property-related charges will comply with Proposition 218's procedural and substantive requirements to the extent applicable thereto.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The District does not believe that the enactment of Proposition 26 will affect its ability to levy rates and charges for Water Service or Wastewater Service.

Future Initiatives

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

CERTAIN LEGAL MATTERS

Special Counsel will render an opinion with respect to the validity of the Installment Purchase Agreement and the Trust Agreement substantially in the form set forth in Appendix C hereto. A copy of such opinion will be furnished to the Underwriter at the time of initial delivery of the 2026A Certificates. The payment of the fees of Special Counsel is contingent upon the execution and delivery of the 2026A Certificates.

Certain legal matters will be passed upon for the District by Stradling Yocca Carlson & Rauth, LLP, Newport Beach, California, as Disclosure Counsel, for the District and the Corporation by Slovak Baron Empey Murphy & Pinkney LLP, Palm Springs, California, General Counsel to the District and the Corporation, for the Underwriter by its counsel, Kutak Rock LLP and for the Trustee by its counsel.

Stradling Yocca Carlson & Rauth LLP, represents the District in connection with the execution and delivery of the 2026A Certificates. Stradling Yocca Carlson & Rauth LLP represents the Underwriter from time-to-time on other financings and matters unrelated to the District and the 2026A Certificates. Stradling Yocca Carlson & Rauth LLP does not represent the Underwriter or any other party with respect to the execution and delivery of the 2026A Certificates other than the District.

LITIGATION

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the District, threatened against the District affecting the existence of the District or the titles of its directors or officers to their respective offices or seeking to restrain or to enjoin the execution and delivery of the 2026A Certificates, the application of the proceeds thereof in accordance with the Trust Agreement, or in any way contesting or affecting the validity or enforceability of the Trust Agreement, the Installment Purchase Agreement, the 2026A Certificates or any action of the District contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the District or its authority with respect to the 2026A Certificates or any action of the District contemplated by any of said documents, nor to the knowledge of the District, is there any basis therefor.

There are no pending suits contesting or affecting the collection of the District Revenues or which would have a material adverse effect on the District's Water System or the District's Wastewater System, the financial condition of the District, including the ability of the District to make Installment Payments.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California ("Special Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, the portion of each Installment Payment with respect to the 2026A Certificates constituting interest (and original issue discount) is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted that, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), generally certain corporations with more than $1,000,000,000 of average annual adjusted financial statement income, the portion of each Installment Payment with respect to the 2026A Certificates constituting interest (and original issue discount) might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations.

In the further opinion of Special Counsel, the portion of each Installment Payment with respect to the 2026A Certificates constituting interest (and original issue discount) is exempt from State personal income tax.

Special Counsel's opinion as to the exclusion from gross income of the portion of each Installment Payment with respect to the 2026A Certificates constituting interest (and original issue discount) is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the execution and delivery of the 2026A Certificates to assure that the portion of each Installment Payment with respect to the 2026A Certificates constituting interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the portion of each Installment Payment with respect to the 2026A Certificates constituting interest (and original issue discount) to be included in gross income for federal income tax purposes retroactive to the date of execution and delivery of the 2026A Certificates. The District has covenanted to comply with all such requirements.

The difference between the issue price of a 2026A Certificate (the first price at which a substantial amount of the 2026A Certificate of a maturity is to be sold to the public) and the stated payment price at maturity with respect to the 2026A Certificate (to the extent the payment price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a 2026A Certificate Owner's before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a 2026A Certificate Owner will increase the 2026A Certificate Owner's basis in the applicable 2026A Certificate.

The amount by which a 2026A Certificate Owner's original basis for determining gain or loss on sale or exchange of the applicable 2026A Certificate (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the 2026A Certificate Owner's basis in the applicable 2026A Certificate (and the amount of tax-exempt interest received with respect to the 2026A Certificates), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a 2026A Certificate Owner realizing a taxable gain when a 2026A Certificate is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2026A Certificate to the Owner. Purchasers of the 2026A Certificates should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable 2026A Certificate premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax exempt bond issues, including both random and targeted audits. It is possible that the 2026A Certificates will be selected for audit by the IRS. It is also possible that the market value of the 2026A Certificates might be affected as a result of such an audit of 2026A Certificates (or by an audit of similar municipal obligations). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the execution and delivery of the 2026A Certificates and to the extent that it adversely affects the exclusion from gross income of interest on the portion of each Installment Payment with respect to the 2026A Certificates constituting interest or the market values of the 2026A Certificates.

It is possible that subsequent to the execution and delivery of the 2026A Certificates there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the 2026A Certificates or the market value of the 2026A Certificates. Recently, proposed legislative changes have been introduced in Congress, which, if enacted, could result in additional federal income or state tax being imposed on owners of tax-exempt state or local obligations, such as the 2026A Certificates. The introduction or enactment of any of such changes could adversely affect the market value or liquidity of the 2026A Certificates. No assurance can be given that subsequent to the execution and delivery of the 2026A Certificates and the such changes (or other changes) will not be introduced or enacted or interpretations will not occur. Before purchasing any of the 2026A Certificates, all potential purchasers should consult their tax advisors regarding possible statutory changes or judicial or regulatory changes or interpretations, and their collateral tax consequences relating to the 2026A Certificates.

Special Counsel's opinion with respect to the 2026A Certificates may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date of delivery of its opinion. Special Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Installment Purchase Agreement, the Trust Agreement and the Tax Certificate relating to the 2026A Certificates permit certain actions to be taken or to be omitted if a favorable opinion of Special Counsel is provided with respect thereto. Special Counsel expresses no opinion as to the effect on the exclusion from gross income of interest for federal income tax purposes with respect to the portion of each Installment Payment with respect to the 2026A Certificates constituting interest or if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth LLP.

Although Special Counsel will render an opinion that the portion of each Installment Payment with respect to the 2026A Certificates constituting interest (and original issue discount) is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the 2026A Certificates and the accrual or receipt of interest on the 2026A Certificates may otherwise affect the tax liability of certain persons. Special Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the 2026A Certificates, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the 2026A Certificates.

RATING

The District expects that S&P Global Ratings ("S&P") will assign the 2026A Certificates the rating of "_____" (stable outlook). There is no assurance that the credit rating given to the 2026A Certificates will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the 2026A Certificates. Such rating reflects only the views of S&P and an explanation of the significance of such rating may be obtained from S&P. Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

In providing a rating on the 2026A Certificates, S&P may have performed independent calculations of coverage ratios using its own internal formulas and methodology which may not reflect the provisions of the Installment Purchase Agreement. The District makes no representations as to any such calculations, and such calculations should not be construed as a representation by the District as to past or future compliance with any financial covenants in the Installment Purchase Agreement, the availability of particular revenues for the payment of Debt Service or for any other purpose.

The District has covenanted in a Continuing Disclosure Certificate for the 2026A Certificates to file on EMMA, notices of any rating changes on the 2026A Certificates. See the caption "CONTINUING DISCLOSURE UNDERTAKING" below and Appendix E. Notwithstanding such covenant, information relating to ratings changes on the 2026A Certificates may be publicly available from S&P prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the 2026A Certificates are directed to S&P and its website and official media outlets for the most current rating changes with respect to the 2026A Certificates after the initial execution and delivery of the 2026A Certificates.

UNDERWRITING

The 2026A Certificates will be purchased by Wells Fargo Bank, National Association (the "Underwriter") pursuant to a purchase contract, dated _____, 2026 (the "Purchase Contract"), by and between the District and the Underwriter.

Under the Purchase Contract, the Underwriter has agreed to purchase all, but not less than all, of the 2026A Certificates for an aggregate purchase price of $___________ (representing the principal amount of the 2026A Certificates, less an Underwriter's discount of $__________, [plus/less] a [net] original issue [premium/discount] of $___________). The Purchase Contract with respect to the 2026A Certificates provides that the Underwriter will purchase all of the 2026A Certificates, if any are purchased, the obligation to make such a purchase being subject to certain terms and conditions set forth in such Purchase Contract, the approval of certain legal matters by counsel and certain other conditions.

The initial public offering prices stated on the inside front cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the 2026A Certificates to certain dealers (including dealers depositing 2026A Certificates into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), one of the underwriters of the Certificates, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") (""WFA"), for the distribution of certain municipal securities offerings, including the Certificates. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the 2026A Certificates with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the 2026A Certificates. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. W FBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

CONTINUING DISCLOSURE UNDERTAKING

The District has covenanted in a Continuing Disclosure Certificate for the benefit of the holders and beneficial owners of the 2026A Certificates to provide certain financial information and operating data relating to the District by not later than March 31 days following the end of its Fiscal Year (commencing March 31, 2027) (the "Annual Reports"), and to provide notices of the occurrence of certain other enumerated events. The Annual Reports and the notices of enumerated events will be filed by the District with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system. The specific nature of the information to be contained in the Annual Report and the notice of enumerated events with respect to the 2026A Certificates are set forth in Appendix E—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with Section (b)(5) of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934. The District has not been subject to a continuing disclosure undertaking pursuant to Rule 15c2-12 within the past five years.

MISCELLANEOUS

Insofar as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of such statements made will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the Owners of the 2026A Certificates.

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

MISSION SPRINGS WATER DISTRICT

By:____

General Manager

APPENDIX A

ANNUAL COMPREHENSIVE FINANCIAL REPORT

APPENDIX B

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX C

FORM OF OPINION OF SPECIAL COUNSEL

APPENDIX D

INFORMATION CONCERNING DTC

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District and the Underwriter believe to be reliable, but neither the District nor the Underwriter take any responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the 2026A Certificates, payment of principal, premium, if any, accreted value, if any, and interest with respect to the 2026A Certificates to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the 2026A Certificates and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2026A Certificates. The 2026A Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each annual maturity of the 2026A Certificates, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3,500,000 issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2026A Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2026A Certificates on DTC's records. The ownership interest of each actual purchaser of each 2026A Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2026A Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive 2026A Certificates representing their ownership interests in 2026A Certificates, except in the event that use of the book-entry system for the 2026A Certificates is discontinued.

To facilitate subsequent transfers, all 2026A Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2026A Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2026A Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2026A Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2026A Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2026A Certificates, such as redemptions or prepayments, tenders, defaults, and proposed amendments to the 2026A Certificates documents. For example, Beneficial Owners of 2026A Certificates may wish to ascertain that the nominee holding the 2026A Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption or prepayment notices shall be sent to DTC. If less than all of the 2026A Certificates within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2026A Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2026A Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption or prepayment proceeds, distributions, and dividend payments on the 2026A Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption or prepayment proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

An Owner of 2026A Certificates shall give notice to elect to have its 2026A Certificates purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such 2026A Certificates by causing the Direct Participant to transfer the Participant's interest in the 2026A Certificates, on DTC's records, to the Trustee. The requirement for physical delivery of 2026A Certificates in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2026A Certificates are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2026A Certificates to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the 2026A Certificates at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, 2026A Certificates will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE 2026A CERTIFICATES, WILL SEND ANY NOTICE OF REDEMPTION OR PREPAYMENT OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OR PREPAYMENT OF THE 2026A CERTIFICATES CALLED FOR REDEMPTION OR PREPAYMENT OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE