NEW ISSUE – BOOK ENTRY ONLY **RATINGS: Moody's: "Aa2"**
See the caption "RATING"

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described in this Official Statement, interest (and original issue discount) on the 2022A Bonds 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 Bond Counsel, interest (and original issue discount) on the 2022A Bonds is exempt from State of California personal income tax. See the caption "TAX MATTERS" with respect to tax consequences relating to the 2022A Bonds.

$24,445,000
WEST BASIN MUNICIPAL WATER DISTRICT
REFUNDING REVENUE BONDS, SERIES 2022A

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

The 2022A Bonds are being issued in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers of the 2022A Bonds will not receive securities representing their beneficial ownership in the 2022A Bonds purchased. Interest on the 2022A Bonds is payable commencing August 1, 2022 and each February 1 and August 1 thereafter, until the maturity thereof. The principal of and interest on the 2022A Bonds are payable by the Trustee to Cede & Co. and such interest and principal payments are to be disbursed to the beneficial owners of the 2022A Bonds through their nominees.

The 2022A Bonds are subject to extraordinary redemption as more fully described herein.

The 2022A Bonds are being issued to provide funds, together with certain other moneys to: (i) refund or defease all of the outstanding West Basin Municipal Water District Refunding Revenue Bonds, Series 2012A; and (ii) pay costs of issuance of the 2022A Bonds, all as more fully described herein.

The 2022A Bonds are being issued pursuant to the Indenture of Trust, dated as of January 1, 2022, by and between the West Basin Municipal Water District and U.S. Bank Trust Company, National Association, as trustee. The 2022A Bonds are limited obligations of West Basin payable solely from Net Revenues of West Basin's Water System remaining after payment of Operation and Maintenance Costs, and from amounts on deposit in certain funds and accounts created under the Indenture.

No reserve fund has been established in connection with the issuance of the 2022A Bonds.

The obligation of West Basin to pay principal of and interest on the 2022A Bonds is payable from Net Revenues on a parity with approximately $171,330,000 aggregate principal amount of the 2016A and 2021A Bonds, and on a parity with scheduled payments in connection with an interest rate swap agreement and the obligation to make payments with respect to a loan from the State of California Water Resources Control Board, as further described herein. West Basin may incur additional obligations payable from Net Revenues on a parity with the obligation to pay principal of and interest on the 2022A Bonds, subject to the terms and conditions of the Indenture, as more fully described herein.

The obligation of West Basin to pay principal of and interest on the 2022A Bonds pursuant to the Indenture does not constitute an obligation for which West Basin is obligated to levy or pledge any form of taxation or for which West Basin has levied or pledged any form of taxation. The obligation of West Basin to pay principal of and interest on the 2022A Bonds is a special obligation of West Basin payable solely from Net Revenues, and does not constitute a debt of West Basin or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction of the State of California.

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.

MATURITY SCHEDULE – See Inside Cover Page

The 2022A Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of the valid, legal and binding nature of the 2022A Bonds by Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, and certain other conditions. The Underwriter is being represented by their counsel, Hawkins Delafield & Wood LLP, Los Angeles, California. Certain legal matters will be passed upon for West Basin by Olivarez Madruga Lemieux O'Neill, LLP, Westlake Village, California,, General Counsel to West Basin, for West Basin by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, and for the Trustee by its counsel. It is anticipated that the 2022A Bonds will be available for delivery through the facilities of The Depository Trust Company on or about February 10, 2022.

BARCLAYS

Dated: February 2, 2022

$24,445,000
WEST BASIN MUNICIPAL WATER DISTRICT
REFUNDING REVENUE BONDS, SERIES 2022A

MATURITY SCHEDULE
BASE CUSIP† 951254

Maturity Date (August 1)	***Principal Amount***	***Interest Rate***	***Yield***	***Price***	***CUSIP† Suffix***
2023	$ 2,420,000	5.00%	0.72%	106.268	DR9
2024	2,540,000	5.00	0.94	109.909	DS7
2026	2,890,000	5.00	1.23	116.365	DT5
2027	5,265,000	5.00	1.32	119.375	DU2
2028	5,525,000	5.00	1.37	122.418	DV0
2029	5,805,000	5.00	1.44	125.142	DW8

No dealer, broker, salesperson or other person has been authorized by West Basin 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 West Basin 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 2022A Bonds 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 2022A Bonds. 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 Underwriters have 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 West Basin since the date hereof.

In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the 2022A Bonds at a level that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the 2022A Bonds 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 2022A Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such act. The 2022A Bonds have not been registered or qualified under the securities laws of any state. The Indenture has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon an exemption contained in such act.

West Basin maintains a website. However, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2022A Bonds.

References to web site addresses other than West Basin'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 web sites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, Rule 15c2-12 of the United States Securities and Exchange Commission.

WEST BASIN MUNICIPAL WATER DISTRICT
BOARD OF DIRECTORS

Donald L. Dear, President
Scott Houston, Vice President
Desi Alvarez, Treasurer
Gloria D. Gray, Secretary
Harold C. Williams, Immediate Past President

WEST BASIN STAFF

Edward Caldwell, Interim General Manager
Margaret Moggia, Executive Manager of Finance

SPECIAL SERVICES

General Counsel

Olivarez Madruga Lemieux O'Neill, LLP
Westlake Village, California

Bond and Disclosure Counsel

Stradling Yocca Carlson & Rauth, a Professional Corporation
Newport Beach, California

Trustee

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

Municipal Advisor

PFM Financial Advisors LLC
Los Angeles, California

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SUMMARY STATEMENT

This Summary Statement is subject in all respects to the more complete information contained in this Official Statement, and the offering of the 2022A Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used and not otherwise defined in this Summary Statement have the meanings ascribed to them in this Official Statement.

Purpose. The 2022A Bonds are being issued to provide funds, together with certain other moneys: (i) to refund or defease all of the outstanding West Basin Municipal Water District Refunding Revenue Bonds, Series 2012A, currently outstanding in the aggregate principal amount of the $31,590,000, and (ii) to pay costs of issuance of the 2022A Bonds, all as more fully described herein.

Security for the 2022A Bonds. The 2022A Bonds are limited obligations of West Basin payable solely from Net Revenues of West Basin's Water System, constituting Revenues remaining after payment of Operation and Maintenance Costs, and from amounts on deposit in certain funds and accounts created under the Indenture. The obligation of West Basin to pay principal of and interest on the 2022A Bonds is payable from Net Revenues on a parity with payments with respect to approximately $171,330,000 aggregate principal amount of the 2016A Bonds and the 2021A Bonds and on a parity with scheduled payments in connection with an interest rate swap agreement and payments with respect to a loan from the State of California Water Resources Control Board. West Basin may incur additional obligations payable on a parity with the obligation to pay principal of and interest on the 2022A Bonds in the future as described herein.

The obligation of West Basin to pay principal of and interest on the 2022A Bonds pursuant to the Indenture does not constitute an obligation for which West Basin is obligated to levy or pledge any form of taxation or for which West Basin has levied or pledged any form of taxation. The obligation of West Basin to pay principal of and interest on the 2022A Bonds is a special obligation of West Basin payable solely from Net Revenues, and does not constitute a debt of West Basin or of the State of California or any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction of the State of California.

The Refunding Plan. A portion of the proceeds of the 2022A Bonds will be transferred to U.S. Bank Trust Company, National Association, as trustee for the 2012A Bonds, which will be used to redeem on February 10, 2022, the 2012A Bonds maturing on August 1, 2023 through August 1, 2029, inclusive. The 2012A Bonds maturing on August 1, 2022 will be defeased in accordance with the 2012A Indenture simultaneously with the redemption of the 2012A Bonds maturing on August 1, 2023 through August 1, 2029. See the caption "REFUNDING PLAN" herein.

Rate Covenant. The Indenture will require West Basin, 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 which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Revenues, together with other Revenues, equal to 115% of Debt Service during such Fiscal Year, all as more particularly described herein.

For avoidance of doubt, so long as West Basin has complied with its obligations to fix and prescribe rates as set forth above, the failure of Net Revenues to meet the threshold set forth above at the end of a Fiscal Year shall not constitute a default or an Event of Default under the Indenture, so long as West Basin has complied with the above paragraph at the commencement of the succeeding Fiscal Year.

Additional Contracts and Bonds Test. The Indenture permits West Basin to execute any Contracts and issue any Bonds on a parity with the obligation to pay principal of and interest on the 2022A Bonds, provided that certain conditions are satisfied as described herein. The Indenture also permits West Basin to execute or issue obligations payable on a subordinate basis to the 2022A Bonds.

No Reserve Fund. No reserve fund has been established in connection with the issuance of the 2022A Bonds.

Redemption. The 2022A Bonds are subject to optional and extraordinary redemption from Net Proceeds of insurance or condemnation as described herein.

West Basin. West Basin is a municipal water district formed for the purpose of securing a supplemental supply of water for West Basin's inhabitants in order to reduce groundwater over drafting. West Basin is a member agency of The Metropolitan Water District of Southern California. West Basin's jurisdiction includes approximately 185 square miles of western Los Angeles County. West Basin has a population of approximately 882,000 within its service area. West Basin currently purchases imported water from MWD for sale to: (i) the Water Replenishment District of Southern California, a governmental agency located within and outside the boundaries of West Basin, for groundwater replenishment of two hydraulic seawater barriers; and (ii) eight retail water suppliers within the boundaries of West Basin that in turn provide water to approximately 200,000 retail customers.

West Basin also purchases secondary effluent from the City of Los Angeles, and treats the effluent to produce recycled water for sale to certain retail water suppliers within and outside the boundaries of West Basin for non-potable consumption, and to the Water Replenishment District of Southern California for groundwater replenishment of one hydraulic seawater barrier.

These sources of water described above permit West Basin to supply approximately 81% of the potable and non-potable water used within the boundaries of West Basin. Retail water suppliers within the boundaries of West Basin pump approximately 19% of the total water used within the boundaries of West Basin from local groundwater basins. West Basin is not responsible for managing such local groundwater basins and does not realize any revenues from groundwater pumping within the boundaries of West Basin by such retail water suppliers. See APPENDIX A—"INFORMATION RELATING TO THE WEST BASIN MUNICIPAL WATER DISTRICT."

$24,445,000
WEST BASIN MUNICIPAL WATER DISTRICT
REFUNDING REVENUE BONDS, SERIES 2022A

INTRODUCTION

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 West Basin Municipal Water District Refunding Revenue Bonds, Series 2022A (the "2022A Bonds"). The 2022A Bonds are being issued pursuant to an Indenture of Trust, dated as of January 1, 2022 (the "Indenture"), by and between the West Basin Municipal Water District ("West Basin" or the "District") and U.S. Bank Trust Company, National Association, Los Angeles, California, as trustee (the "Trustee"). Descriptions and summaries of various documents set forth in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in Appendix C.

The 2022A Bonds are being issued to provide funds, together with certain other moneys: (i) to refund or defease all of the outstanding West Basin Municipal Water District Refunding Revenue Bonds, Series 2012A, which are currently outstanding in the aggregate principal amount of $31,590,000 (the "2012A Bonds"); and (ii) to pay costs of issuance of the 2022A Bonds See the caption "ESTIMATED SOURCES AND USES OF FUNDS."

The 2022A Bonds are limited obligations of West Basin payable solely from Net Revenues, which consist of Revenues of West Basin's Water System remaining after payment of Operation and Maintenance Costs, as such terms are defined in Appendix C, and from amounts on deposit in certain funds and accounts created under the Indenture. The obligation of West Basin to make payments of principal of and interest on the 2022A Bonds is payable from Net Revenues on a parity with payments with respect to: (i) the principal of and interest on the West Basin Municipal Water District Refunding Revenue Bonds, Series 2016A (the "2016A Bonds") outstanding in the aggregate principal amount of $96,430,000; (ii) the principal of and interest on the West Basin Municipal Water District Refunding Revenue Bonds, Series 2021A (the "2021A Bonds") outstanding in the aggregate principal amount of $74,900,000; (iii) scheduled payments in connection with an interest rate swap agreement, and (iv) payments with respect to a loan from the State of California Water Resources Control Board, all as described under the caption "—Outstanding Indebtedness and Interest Rate Swap Agreement—Parity Obligations" in APPENDIX A—"INFORMATION RELATING TO THE WEST BASIN MUNICIPAL WATER DISTRICT."

West Basin may incur additional obligations payable on a parity with the obligation to pay principal of and interest on the 2022A Bonds in the future as described under the caption "SECURITY FOR THE 2022A BONDS—Additional West Basin Indebtedness" herein.

The summaries and references to the Indenture 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 Indenture and each such document, statute, report or instrument, copies of which are available for inspection at the offices of West Basin in Carson, California and will be available from the Trustee upon request and payment of duplication cost. The capitalization of any word not conventionally capitalized or otherwise defined herein indicates that such word is defined in the Indenture and, as used herein, has the meaning given to it in the Indenture. Unless otherwise indicated, all financial and statistical information herein has been provided by West Basin.

West Basin regularly prepares a variety of reports, including audits, budgets and related documents. Such reports are not incorporated by reference, and should not be relied upon in making an investment decision. Any registered owner of the 2022A Bonds (each, an "Owner") may obtain a copy of such report, as available, from the Trustee or West Basin. Additional information regarding the Official Statement may be obtained by contacting the Trustee or West Basin Municipal Water District, 17140 South Avalon Boulevard, Suite 210, Carson, California 90746, Telephone: (310) 217-2411.

Changes Since the Date of the Preliminary Official Statement. Changes have been made in this Official Statement since the Preliminary Official Statement dated January 25, 2022 (the "Preliminary Official Statement"), to change references from "U.S. Bank National Association" to "U.S. Bank Trust Company, National Association" to reflect that the Trustee for the 2022A Bonds will be U.S. Bank Trust Company, National Association, an affiliate of U.S. Bank National Association, and that the Trustee for the 2012A Bonds, the 2016A Bonds and the 2021 Bonds became U.S. Bank Trust Company, National Association, an affiliate of U.S. Bank National Association, on or about January 29, 2022.

REFUNDING PLAN

A portion of the proceeds of the 2022A Bonds, together with other available moneys, will be used to redeem or defease all of the outstanding 2012A Bonds, which are currently outstanding in the aggregate principal amount of $31,590,000. West Basin previously issued the 2012A Bonds pursuant to an Indenture of Trust, dated as of March 1, 2012 (the "2012A Indenture"), by and between West Basin and U.S. Bank Trust Company, National Association, as trustee (the "2012A Trustee"). The 2012A Bonds were issued to prepay certain outstanding obligations of West Basin.

A portion of the proceeds of the 2022A Bonds will be used to redeem the 2012A Bonds maturing on August 1, 2023 through August 1, 2029, inclusive (the "Refunded 2012A Bonds"). West Basin will cause the Trustee to transfer a portion of the proceeds of the 2022A Bonds to the 2012A Trustee, and, pursuant to the 2012A Indenture, the 2012A Trustee, from the proceeds of the 2022A Bonds, will pay on February 10, 2022 (the "Redemption Date") the principal of the Refunded 2012A Bonds plus accrued interest to the Redemption Date, without premium.

Simultaneously with the redemption of the Refunded 2012A Bonds, West Basin will direct the 2012A Trustee to transfer amounts on deposit in the debt service reserve fund established under the 2012A Indenture to the payment fund for the 2012A Bonds established under the 2012A Indenture, which, when combined with amounts then on deposit in such payment fund, will be in an amount sufficient to defease the 2012A Bonds maturing on August 1, 2022, in accordance with the 2012A Indenture on the Redemption Date of the Refunded 2012A Bonds. The 2012A Trustee will pay the principal of and interest on such 2012A Bonds on August 1, 2022 from the amounts on deposit in the payment fund under the 2012A Indenture.

THE 2022A BONDS

General Provisions

The 2022A Bonds will be issued in the aggregate principal amount of $24,445,000. The 2022A Bonds will be dated as of the date of initial issuance thereof (the "Issuance Date"), will bear interest from such date at the rates per annum set forth on the inside cover page hereof, payable on August 1, 2022, and each February 1 and August 1 thereafter (each, an "Interest Payment Date"), and will mature on the dates set forth on the inside cover page hereof. Interest on the 2022A Bonds will be computed on the basis of a 360-day year of twelve thirty-day months.

The 2022A Bonds will be issued only in fully registered form and, when issued, 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 2022A Bonds. Ownership interests in the 2022A Bonds 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 E.

In the event that the book entry only system described below is discontinued, the principal of and redemption premium (if any) on the 2022A Bonds are payable by check or draft of the Trustee upon presentation and surrender thereof at maturity or upon prior redemption at the office of the Trustee in Los Angeles, California (the "Office of the Trustee"). Interest on the 2022A Bonds is payable on each Interest Payment Date to the person whose name appears on the registration books maintained by the Trustee (the "Registration Books") as the Owner thereof as of the close of business on the fifteenth day of the calendar month preceding the Interest Payment Date (the "Record Date"), such interest to be paid by check of the Trustee, sent by first class mail on the applicable Interest Payment Date to the Owner at such Owner's address as it appears on the Registration Books. An Owner of $1,000,000 or more in principal amount of 2022A Bonds may, at such Owner's option, be paid interest by wire transfer of immediately available funds to an account in the United States in accordance with written instructions provided to the Trustee by such Owner prior to the applicable Record Date. The principal of and interest and premium, if any, on the 2022A Bonds will be payable in lawful money of the United States of America.

Interest on any 2022A Bond will be payable from the Interest Payment Date preceding the date of issuance thereof, unless such date is after a Record Date and on or before the succeeding Interest Payment Date, in which case interest thereon will be payable from such Interest Payment Date, or unless such date is on or before July 15, 2022, in which case interest thereon will be payable from the Issuance Date; provided, however, that if, as of the date of authentication of any 2022A Bond, interest thereon is in default, such 2022A Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Transfers and Exchanges Upon Termination of Book Entry Only System

In the event that the book entry system described above is abandoned, the 2022A Bonds will be printed and delivered as provided in the Indenture. Thereafter, any 2022A Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such 2022A Bond for cancellation at the Office of the Trustee, accompanied by delivery of a duly executed instrument of transfer in a form approved by the Trustee. Upon the surrender of a 2022A Bond for transfer, the Trustee is to issue a new 2022A Bond or 2022A Bonds 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 2022A Bond issued upon any transfer. The Trustee may require the payment by any 2022A Bond 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 2022A Bonds, the Trustee will cancel and destroy the 2022A Bonds it has received.

2022A Bonds may be exchanged at the Office of the Trustee, for a like aggregate principal amount of 2022A Bonds of other authorized denominations of the same maturity. The Trustee may charge a sum for each new 2022A Bond issued upon any exchange except in the case of any exchange of temporary 2022A Bonds for definitive 2022A Bonds. 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 2022A Bonds, the Trustee will cancel and destroy the 2022A Bonds it has received.

The Trustee is not required to register the exchange or transfer of any 2022A Bond: (i) within 15 days preceding selection of 2022A Bonds for redemption; or (ii) selected for redemption.

Redemption of the 2022A Bonds

No Optional Redemption. The 2022A Bonds are <u>not</u> subject to optional redemption prior to their respective stated maturity dates.

Extraordinary Redemption. The 2022A Bonds are subject to extraordinary redemption prior to their respective stated maturities, as a whole or in part on any date in the order of maturity as directed by West

Basin by lot within each maturity in integral multiples of $5,000 from Net Proceeds of insurance or condemnation, upon the terms and conditions of, and as provided for in, the Indenture, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium. See Appendix C under the captions "PARTICULAR COVENANTS—Insurance" and "PARTICULAR COVENANTS—Eminent Domain Proceeds," respectively, for a description of the circumstances under which the 2022A Bonds could be subject to extraordinary redemption from Net Proceeds of insurance or condemnation.

Notice of Redemption

When redemption is authorized or required, the Trustee will give notice to the Owners of the 2022A Bonds designated for redemption. Notice of redemption will be mailed by first class mail at least 20 days but not more than 60 days before any Redemption Date, to the respective Owners of any 2022A Bonds designated for redemption at their addresses appearing on the Registration Books, to the Securities Depositories and the Information Services; provided that, in the case of notice of optional redemption not related to an advance or current refunding, such notice may be given only if sufficient funds have been deposited with the Trustee to pay the applicable Redemption Price of the 2022A Bonds to be redeemed, provided that such notice may be cancelled by West Basin upon Written Request delivered to the Trustee not less than five (5) days prior to such Redemption Date. Each notice of redemption will state the date of notice, the Redemption Date, the place or places of redemption, the Redemption Price, will designate the maturities, CUSIP numbers, if any, and, if less than all 2022A Bonds of any such maturity are to be redeemed, the serial numbers of the 2022A Bonds of such maturity to be redeemed by giving the individual number of each 2022A Bond or by stating that all 2022A Bonds between two stated numbers, both inclusive, have been called for redemption and, in the case of 2022A Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that on the Redemption Date there will become due and payable on each of said 2022A Bonds or parts thereof designated for redemption the Redemption Price thereof or of said specified portion of the principal thereof in the case of a 2022A Bond to be redeemed in part only, together with interest accrued thereon to the Redemption Date, and that (provided that moneys for redemption have been deposited with the Trustee) from and after such Redemption Date interest thereon ceases to accrue, and will require that such 2022A Bonds be then surrendered to the Trustee. Neither the failure to receive such notice nor any defect in the notice or the mailing thereof will affect the validity of the redemption of any 2022A Bond. Notice of redemption of 2022A Bonds will be given by the Trustee, at the expense of West Basin, for and on behalf of West Basin.

Book Entry Only System

One fully-registered 2022A Bond of each maturity will be issued in the principal amount of the 2022A Bonds of such maturity. Such 2022A Bond will be registered in the name of Cede & Co. and will be deposited with DTC.

West Basin may decide to discontinue use of the system of book entry transfers through DTC (or a successor securities depository). In that event, the 2022A Bonds will be printed and delivered and will be governed by the provisions of the Indenture with respect to payment of principal and interest and rights of exchange and transfer.

West Basin cannot and does not give any assurances that DTC participants or others will distribute payments of principal of and interest on the 2022A Bonds received by DTC or its nominee as the registered Owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will service and act in the manner described in this Official Statement. See Appendix E for additional information concerning DTC.

DEBT SERVICE PAYMENT SCHEDULE

Set forth below is an annualized schedule of principal of and interest on the 2022A Bonds and other Bonds and Contract payments for the period ending August 1 in each of the years indicated:

	2022A Bonds				
August 1	***Principal***	***Interest***	***Total***	***Parity Obligations***[1]	***Total***
2022	$	$ 580,568.75	$ 580,568.75	$ 18,596,269.50	$ 19,176,838.25
2023	2,420,000	1,222,250.00	3,642,250.00	17,670,035.00	21,312,285.00
2024	2,540,000	1,105,250.00	3,641,250.00	17,614,219.50	21,255,469.50
2025	--	974,250.00	974,250.00	20,419,863.50	21,394,113.50
2026	2,890,000	974,250.00	3,864,250.00	17,256,926.50	21,121,176.50
2027	5,265,000	829,750.00	6,094,750.00	15,054,618.00	21,149,368.00
2028	5,525,000	566,500.00	6,091,500.00	15,014,100.00	21,105,600.00
2029	5,805,000	290,250.00	6,095,250.00	15,009,850.00	21,105,100.00
2030	--	--	--	17,676,850.00	17,676,850.00
2031	--	--	--	17,675,350.00	17,675,350.00
2032	--	--	--	13,290,850.00	13,290,850.00
2033	--	--	--	13,300,850.00	13,300,850.00
2034	--	--	--	13,304,850.00	13,304,850.00
2035	--	--	--	13,311,850.00	13,311,850.00
2036	--	--	--	13,325,350.00	13,325,350.00
2037	--	--	--	1,508,600.00	1,508,600.00
2038	--	--	--	1,509,000.00	1,509,000.00
2039	--	--	--	1,507,400.00	1,507,400.00
2040	--	--	--	1,508,800.00	1,508,800.00
2041	--	--	--	1,508,000.00	1,508,000.00
TOTAL	$ 24,445,000	$ 6,539,068.75	$ 30,984,068.75	$ 246,063,632.00	$ 277,047,700.75

(1) Reflects projected regularly scheduled payments with respect to the 2004A Swap Agreement and amounts payable with respect to the 2012A Bonds (excluding the portion of the 2012A Bonds refunded from proceeds of the 2022A Bonds), the 2016A Bonds and the 2021A Bonds, all of which are payable from Net Revenues on a parity with the obligation to pay principal of and interest on the 2022A Bonds. Does not reflect amounts when drawn upon and which may become payable with respect to the 2016 State Loan because a definitive debt service schedule for the 2016 State Loan has not been established. See the caption APPENDIX A—"INFORMATION RELATING TO THE WEST BASIN MUNICIPAL WATER DISTRICT—Outstanding Indebtedness and Interest Rate Swap Agreement—Parity Obligations."

Source: West Basin.

SECURITY FOR THE 2022A BONDS

Limited Obligations Payable From Net Revenues

West Basin is obligated to make payments of principal of and interest on the 2022A Bonds solely from Net Revenues of the West Basin Water System. The term "Net Revenues" means, for any Fiscal Year of West Basin (currently, West Basin's Fiscal Year commences July 1 of each year) ("Fiscal Year"), the Revenues for such Fiscal Year less the Operation and Maintenance Costs of the Water System for such Fiscal Year. The obligation to make payments of principal of and interest on the 2022A Bonds is payable on a parity with the obligation of West Basin to make payments with respect to approximately $171,330,000 aggregate principal amount of the 2016A Bonds and 2021A Bonds and scheduled payments in connection with an interest rate swap agreement. See Appendix C—"DEFINITIONS AND SUMMARY OF INDENTURE" for a detailed discussion of the terms of the Indenture. See the caption APPENDIX A—"INFORMATION RELATING TO THE WEST BASIN MUNICIPAL WATER DISTRICT—Outstanding Indebtedness and Interest Rate Swap Agreement" for a discussion of parity and subordinate obligations.

The obligation of West Basin to pay principal of and interest on the 2022A Bonds pursuant to the Indenture does not constitute an obligation for which West Basin is obligated to levy or pledge any form of taxation or for which West Basin has levied or pledged any form of taxation. The obligation of West Basin to pay principal of and interest on the 2022A Bonds is a special obligation of West Basin payable solely from Net Revenues, and does not constitute a debt of West Basin or of the State of California (the "State") or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction of the State.

Rate Covenant

The Indenture will require West Basin, 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 which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Revenues, together with other Revenues, equal to 115% of the Debt Service for such Fiscal Year. West Basin may adjust from time to time in such rates and charges and may make such classification thereof as it deems necessary, but will not reduce the rates and charges then in effect unless the Net Revenues after such reduced rates and charges will at all times be sufficient to meet the requirements of the Indenture.

For avoidance of doubt, so long as West Basin has complied with its obligations to fix and prescribe rates as set forth in the Indenture, the failure of Net Revenues to meet the threshold set forth above at the end of a Fiscal Year will not constitute a default or an Event of Default under the Indenture, so long as the District has complied with the above paragraph at the commencement of the succeeding Fiscal Year.

Additional West Basin Indebtedness

West Basin may at any time execute any Contracts or issue any Bonds payable from Net Revenues on a parity with the obligation to pay principal of and interest on the 2022A Bonds, provided that certain conditions are satisfied as provided below.

(a) The Net Revenues for the most recent audited Fiscal Year preceding the date of adoption by the Board of Directors of West Basin (the "Board") 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 West Basin and a special report prepared by an Independent Certified Public Accountant or an Independent Municipal Consultant on such calculation on file with West Basin, produce a sum equal to at least 115% of the Debt Service for such Fiscal Year; and

(b) 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 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 approved and in effect as of the date of calculation, as evidenced by a calculation prepared by West Basin, produce a sum equal to at least 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 that 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

(c) 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 West Basin on file with West Basin, 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 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 West Basin, produce a sum equal to at least 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; and

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 more than 5% 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.

No Reserve Fund

No reserve fund has been established in connection with the issuance of the 2022A Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds:

Sources:	
Principal Amount	$24,445,000.00
Plus Original Issue Premium	4,594,504.05
Transferred Moneys[(1)]	2,880,250.00
Total Sources	$ 31,919,754.05
Uses:	
Transfer to 2012 Trustee	$31,696,225.00
Costs of Issuance[(2)]	223,529.05
Total Uses	$ 31,919,754.05

(1) Reflects moneys transferred from funds and accounts established in connection with the 2012A Bonds.
(2) Includes Underwriter’s discount and certain legal, financing and printing costs.

CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES

Article XIIIB

Article XIIIB of the California 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 State 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 or for the State or other entity of local government, exclusive of certain State subventions, refunds of taxes and benefit payments from retirement, unemployment, insurance and disability insurance funds. “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 reasonably borne by the entity in 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 a vote of electors of the issuing entity 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 costlier.

West Basin is of the opinion that its water charges do not exceed the costs it reasonably bears in providing such services and therefore are not subject to the limits of Article XIIIB. West Basin will covenant in the Indenture that it will prescribe rates and charges sufficient to provide for payment of the principal of and interest on the 2022A Bonds in each year.

Proposition 218

General. An initiative measure entitled the "Right to Vote on Taxes Act" (the "Initiative") was approved by the voters of the State 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.

As a wholesale water agency, West Basin does not believe that the procedural or substantive provisions of Article XIIID are applicable to its rates and charges.

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 *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal.4th 205 (2006) that the provisions of Article XIIIC applied to 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.

On August 3, 2020, the State Supreme Court issued an opinion in *Wilde v. City of Dunsmuir* (Cal. S. Ct. S252915) holding that taxpayers do not have the right under Proposition 218 to challenge water rates by referendum, and West Basin does not believe that Article XIIIC grants to the voters within West Basin the power (whether by initiative under Article XIIIC or otherwise, or by referendum, which is not addressed by Article XIIIC) to repeal or reduce rates and charges for the Water Service in a manner that would interfere with the contractual obligations of West Basin or the obligation of West Basin to maintain and operate the Water System. However, there can be no assurance of the availability of particular remedies adequate to protect the beneficial owners of the 2022A Bonds. Remedies available to beneficial owners of the 2022A Bonds in the event of a default by West Basin 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 right and obligation with respect to the Indenture is 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 Bond Counsel (the form of which is attached as Appendix D), will be similarly qualified.

West Basin believes that its current water rates and land-based charges comply with the requirements of Proposition 218 and expects that any future water rates and land-based charges will comply with Proposition 218's procedural and substantive requirements to the extent applicable thereto. See, however, the caption APPENDIX A—"INFORMATION RELATING TO THE WEST BASIN MUNICIPAL WATER DISTRICT—Standby Charges–*Standby Charge Settlement.*"

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: (a) 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; (b) 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; (c) 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; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental or lease of local government property; (e) 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; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 applies to charges imposed or increased after November 2, 2010 and 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. West Basin believes that its water rates and charges are not taxes under Proposition 26.

Future Initiatives

Articles XIIIB, XIIIC and XIIID and Proposition 26 were adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiatives could be proposed and adopted affecting West Basin's revenues or ability to increase revenues.

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 2022A Bonds. 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 2022A Bonds. 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 could delay or preclude payment of principal or interest on the 2022A Bonds.

Accuracy of Assumptions

To estimate the Net Revenues which will be available to pay the principal and interest on the 2022A Bonds, West Basin has made certain assumptions with regard to various matters, including but not limited to future capital improvements, increases in the sale of recycled water, the rates and charges to be imposed in future years, the expenses associated with operating the Water System and the interest rate at which funds will be invested. West Basin 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 2022A Bonds will, in all likelihood, be less than those projected herein. See the captions "SECURITY FOR THE 2022A BONDS—Rate Covenant" and Appendix A—"INFORMATION RELATING TO THE WEST BASIN MUNICIPAL WATER DISTRICT—Projected Revenues, Operation and Maintenance Costs and Coverage."

Rate Covenant Not a Guarantee

The 2022A Bonds are payable from Net Revenues. See "SECURITY FOR THE 2022A BONDS." West Basin's ability to pay the principal and interest on the 2022A Bonds depends on its ability to generate Net Revenues at the levels required by the Indenture. Although West Basin has covenanted in the Indenture to impose rates and charges as more particularly described under the caption "SECURITY FOR THE 2022A BONDS—Rate Covenant" and expects that sufficient Net 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 Revenues in the amounts required by the Indenture. No assurance can be made that Net Revenues, estimated or otherwise, will be realized by West Basin in amounts sufficient to pay the principal and interest on the 2022A Bonds. Among other matters, the availability of and demand for water services, and changes in law and government regulations could adversely affect the amount of revenues realized by West Basin.

System Demand

There can be no assurance that the demand for Water 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 covenant. See the caption "SECURITY FOR THE 2022A BONDS—Rate Covenant." Demand for Water Service could be reduced or may not occur as projected by West Basin as a result of reduced levels of demand for recycled water, hydrological conditions, conservation efforts, an economic downturn, mandatory State conservation orders, the development of alternative water sources by West Basin retail agency customers and other factors. Fifty-three percent of recycled water revenues are attributable to three oil and gas refineries. In the event demand for oil or gas declines, demand for recycled water from such refineries will likely also decline, which could have a material adverse effect on the Revenues derived from recycled water sales.

System Expenses

There can be no assurance that West Basin'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 water, as well as treatment costs, regulatory compliance costs, labor costs (including costs related to pension and other post-employment benefits) and other factors. See Appendix A—"INFORMATION RELATING TO THE WEST BASIN MUNICIPAL WATER DISTRICT." Increases in Operation and Maintenance Costs could require an increase in rates or charges in order to comply with the rate covenant. See the caption "SECURITY FOR THE 2022A BONDS—Rate Covenant."

Increased Reliance on Variable Revenue

Pursuant to the terms of the Settlement Agreement (as such term is defined in Appendix A), West Basin has agreed to reduce the Standby Charges from the Fiscal Year 2022 charges over the next eight Fiscal Years and terminate the Standby Charges altogether by no later than June 30, 2030. See the caption Appendix A—"INFORMATION RELATING TO THE WEST BASIN MUNICIPAL WATER DISTRICT—Standby Charges – *Standby Charge Settlement*." With the exception of the Standby Charges and Fixed Service Charge, West Basin's primary sources of revenues are generated from water sales, which vary from year-to-year based upon factors such as customer demand and availability of supply. Due to the reduction and the eventual termination of the Standby Charges, West Basin will become increasingly reliant upon water sales revenues and will be more likely to be adversely affected by decreases in customer demand for water provided by West Basin and decreases in the availability of water. See the subcaptions "—System Demand," "—Unavailability of Effluent in Expected Amount" and "—Customer Concentration."

Unavailability of Effluent in Expected Amounts

West Basin currently purchases approximately 14% of the surplus secondary treated effluent ("Effluent") from the City of Los Angeles Hyperion Water Reclamation Plant ("Hyperion"). The City of Los Angeles (the "City") discharges the remaining Effluent to the Santa Monica Bay through a 5-mile outfall. West Basin purchases the Effluent from the City's Department of Water and Power ("DWP") pursuant to an agreement with the City. West Basin uses its portion of the Effluent to produce deliver, and serve five types of recycled water to irrigation customers, for industrial uses and for groundwater replenishment. West Basin's ability to deliver recycled water to customers is dependent upon receiving sufficient supply of Effluent from DWP. The supply of Effluent available to West Basin may be affected by factors such as State and local mandatory conservation measures, changes in consumer behavior resulting in reduced water use and the determination by DWP to allocate surplus Effluent to other uses. West Basin sales of recycled water could be reduced or may not occur as projected by West Basin as a result of a reduction of the Effluent supplied by DWP to West Basin. See the caption Appendix A—"INFORMATION RELATING TO THE WEST BASIN MUNICIPAL WATER DISTRICT—Water Operations – *Recycled Water System*."

Quality of Resources for use in the Recycled Water System

The Effluent that is the source of water for the Recycled Water System originates from Hyperion. The Effluent delivered from Hyperion has, at times, been below the minimum level of quality necessary for West Basin to adequately treat the Effluent for purposes of the sale to West Basin customers. See the captions Appendix A—"INFORMATION RELATING TO THE WEST BASIN MUNICIPAL WATER DISTRICT—

Water Operations – *Recycled Water System*" and "—Future Water System Improvements." West Basin and DWP have evaluated options to improve water quality at Hyperion, and have agreed to invest in an ongoing pilot study that supports the potential upgrade of Hyperion water treatment processes. West Basin and DWP have not yet finalized plans to implement the upgrades necessary to address the water quality issues. As a result, West Basin may continue to receive Effluent that cannot be treated and sold to customers, which could adversely affect West Basin's recycled water sales if West Basin does not have sufficient Effluent to meet customer demand.

Customer Concentration

In Fiscal Year 2021, California Water Service and Golden State Water Company accounted for approximately 69% of all potable water revenues received by West Basin. Reduction of potable water purchases by either of these customers would have a material adverse impact on receipt of water sales revenues. Similarly, approximately 61% of Fiscal Year 2021 recycled water revenues were received from the Chevron Refinery, the Torrance Refining Company, LLC and the Marathon Refinery, and approximately 29% of Fiscal Year 2021 recycled water revenues were received from Water Replenishment District of Southern California ("WRD"). Reduction of recycled water purchases by any or all of these four customers would have a material adverse impact on receipt of recycled water revenues. See the subcaptions "—System Demand" and "—Impact of Regulations on Refinery Operations."

Impact of Regulations on Refinery Operations

Chevron Refinery, the Torrance Refining Company, LLC and the Marathon Refinery accounted for approximately 61% of Fiscal Year 2021 recycled water revenues received by West Basin. The operation of the Chevron Refinery, the Torrance Refinery and the Marathon Refinery (the "Refineries") and, consequently, their demand for recycled water is impacted by factors such as demand for oil and gas products and government regulations governing the operating standards for such facilities. The implementation of more restrictive regulations relating to the operation of the Refineries by federal, State or local governments could result in a reduction or cessation of the respective operations at the Refineries. In addition, governmental policies relating to climate change, such as reduced omission standards, could adversely impact the demand for oil and gasoline products, which in turn could adversely affect the respective Refineries demand for recycled water. In addition, changes in consumer behavior related to travel and consumer preference related to automotive fuel source could also adversely impact the demand for oil and gasoline products. A reduction in the recycled water purchases from one or more of the Refineries would have a material adverse impact on the receipt of recycled water revenues.

Limitations on Remedies Available; Bankruptcy

The enforceability of the rights and remedies of the Owners and the obligations of West Basin 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 Bond Counsel concurrently with the issuance of the 2022A Bonds will be subject to such limitations and the various other legal opinions to be delivered concurrently with the issuance of the 2022A Bonds will be similarly qualified. See Appendix D. In the event that West Basin fails to comply with its covenants under the Indenture or fails to pay debt service on the 2022A Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the Owners of the 2022A Bonds.

Natural Disasters and Seismic Considerations

General. West Basin, like all southern California communities, is subject to unpredictable seismic activity, fires, floods, high winds, landslides or other natural disasters. A severe natural disaster, such as an earthquake, fire, flood, high wind event or landslide, could result in substantial damage to West Basin, including the Water System.

Although West Basin maintains insurance for damage to the Water System as described in Appendix A—"INFORMATION RELATING TO THE WEST BASIN MUNICIPAL WATER DISTRICT — Insurance," 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, including underground pipelines, are not covered by property casualty insurance. Damage to such portions of the Water System as a result of natural disasters could result in uninsured losses to West Basin.

Seismic Activity. West Basin is located in a seismically active region. There is potential for destructive ground shaking during the occurrence of a major seismic event. In addition, land along fault lines may be subject to liquefaction during the occurrence of such an event. In the event of a severe earthquake, there may be significant damage to both property and infrastructure within West Basin, including the Water System. Suez has an emergency response plan for the Treatment Plant and the other facilities that it operates. West Basin currently has a draft emergency response plan that it is in the process of updating.

Newer Water System facilities are designed to withstand earthquakes with minimal damage, as earthquake loads are taken into consideration in the design of project structures. In addition, certain older water tanks have been retrofitted to withstand earthquakes with minimal damage. The Water System has never sustained major damage to its facilities or experienced extended incidences of service interruptions as a result of seismic disturbances.

Flooding. West Basin maintains insurance covering damage to the Water System caused by flooding for certain of its facilities. See Appendix A—"INFORMATION RELATING TO THE WEST BASIN MUNICIPAL WATER DISTRICT —Insurance" and the subcaption "—Climate Change."

Fire. Wildfires have occurred in recent years in different regions of the State. There can be no assurance that fires will not occur within the boundaries of West Basin in the future, leading to decreased usage of West Basin's Water System resulting in a decline in Net Revenues. West Basin does not carry property insurance for fire damage.

Drought. On April 1, 2015, for the first time in California's history, the State Governor directed the State Water Resources Control Board ("SWRCB") to implement mandatory water reductions in cities and towns across California to reduce total water usage in the State by 25%. Such restrictions applied to West Basin, as described in Appendix A—"INFORMATION RELATING TO THE WEST BASIN MUNICIPAL WATER DISTRICT—Drought in California." Although most of such mandatory water reductions have since been lifted, the State has since enacted permanent restrictions on water usage. There can be no assurance that future drought conditions will not re-appear in the future, leading to decreased usage of West Basin's Water System resulting in a decline in Net Revenues, or that the State's permanent water usage restrictions will not lead to decreased usage of West Basin's Water System resulting in a decline in Net Revenues.

Climate Change. Climate change, including change caused by human activities, may have adverse effects on West Basin's Water System. Climate change can also result in more variable weather patterns throughout the State, which can lead to longer and more severe droughts as well as increased risk of flooding and a rise in sea levels. West Basin considers the potential effects of climate change in its planning.

Projections of the impacts of global climate change on West Basin are complex and depend on many factors that are outside West Basin'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, while West Basin has considered climate change in maintaining and expanding its Water System, West Basin is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts. While the impacts of climate change may be mitigated by West Basin's past and future investment in adaptation strategies, West Basin can give no assurance about the net effects of those strategies and whether West Basin will be required to take additional adaptive mitigation measures.

Limited Obligations

The 2022A Bonds are a limited obligation of West Basin payable solely from Net Revenues and secured solely by the Revenues pledged in the Installment Purchase Agreement. If for any reason, West Basin does not collect sufficient Revenues to pay the debt service on the 2022A Bonds, West Basin will not be obligated to utilize any other of its funds to pay the debt service on the 2022A Bonds.

Statutory and Regulatory Compliance

Laws and regulations governing treatment and delivery of water 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 for failure to comply with applicable laws and regulations could be significant. Such claims may be payable from assets of the Water 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 systems such as that operated by West Basin may also lead to administrative orders issued by federal or State regulators. Future compliance with such orders can also impose substantial additional costs on West Basin. 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 West Basin. No assurance can be given that the cost of compliance with such laws, regulations and orders would not adversely affect the ability of West Basin to generate Net Revenues in amounts that are sufficient to pay the debt service on the 2022A Bonds.

Parity Obligations

The Indenture permits West Basin to issue Bonds and enter into Contracts payable from Net Revenues on a parity with the 2022A Bonds, subject to the terms and conditions set forth therein. The issuance of additional Bonds and entry into Contracts could result in reduced Net Revenues available to pay debt service on the 2022A Bonds. West Basin has covenanted to maintain coverage of at least 115% of Debt Service, as further described under the caption "SECURITY FOR THE 2022A BONDS—Limitations on Parity and Superior Obligations; Subordinate Obligations—Additional Obligations on a Parity with the 2022A Bonds."

Loss of Tax Exemption

Interest with respect to the 2022A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date that the 2022A Bonds were issued as a result of future acts or omissions of West Basin in violation of its covenants in the Indenture. In addition, current and future legislative proposals, if enacted into law, may cause interest with respect to the 2022A Bonds 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 2022A Bonds are not subject to a special prepayment and will remain outstanding until maturity.

Change in Law

In addition to the other limitations described herein, the California electorate or Legislature could adopt a constitutional amendment or legislation or an initiative with the effect of reducing revenues payable to or collected by West Basin. There is no assurance that the California electorate or Legislature will not at some future time approve additional limitations that could reduce the revenues and materially adversely affect the security of the 2022A Bonds.

Secondary Market

There can be no guarantee that there will be a secondary market for the 2022A Bonds or, if a secondary market exists, that any 2022A Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

COVID-19 Pandemic

The spread of the novel strain of coronavirus and the disease it causes (now known as "COVID-19") is having significant negative impacts throughout the world, including in California. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the United States, the State, and numerous counties throughout the State, including in Los Angeles County (the "County"). The purpose behind these declarations are to coordinate and formalize emergency actions and across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus.

On March 19, 2020, in an effort to slow the spread of COVID-19, Governor Newsom issued Executive Order N-33-20 ordering individuals living in the State to stay home or at their place of residence except for specified exceptions. The West Basin workforce is considered essential under the Food and Agriculture sector profile included in the Essential Critical Infrastructure Workers under the Governor's Executive Order N-33-20. This classification permits the West Basin workforce to be excepted from the portion of Executive Order N-33-20 that orders non-essential workers to remain in their place of residence. West Basin continues to operate in accordance with the health guidelines established by the County, the State, and the federal government. West Basin has continued its operations without interruption. In January 2022, West Basin received $2,376,445 in COVID-19 relief funding allocated by the State Controller's Office to counties within the State for disbursement to special districts located within such counties. Such funds are considered Revenues for purposes of the Indenture.

With widespread vaccination currently underway in the United States and many countries worldwide, some of the governmental-imposed stay-at-home orders and restrictions on operations of schools and businesses implemented to respond to and control the outbreak have been eased. However, restrictions may be re-imposed in various jurisdictions from time to time as local conditions warrant, and it is not known with any level of certainty when a full re-opening of the economy will be achieved.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of West Basin is unknown and there can be no assurance that the outbreak of COVID-19 will not affect West Basin's ability to make debt service payments on the 2022A Bonds.

Cybersecurity

Municipal agencies, like other business entities, face significant risks relating to the use and application of computer software and hardware. Recently, 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.

As with many industries, cybersecurity is an ongoing area of concern for the water community. West Basin has a strong and continued focus on cybersecurity. West Basin's cybersecurity measures include performing a security penetration test by an outside organization, building a disaster recovery plan with an off-site disaster recovery capability, increasing measures such as implementing FortiClient Endpoint Protection. These efforts are particularly important in a time when there is increased teleworking among staff, requiring remote access through FortiClient. West Basin also educates employees on cybersecurity topics and how to mitigate risk. In 2019, the District Board approved an IT Master Plan that outlines a number of projects that are to be implemented over a five-year period. The It Master Plan has six areas of focus: (1) service delivery, (2) IT infrastructure, (3) business technology application, (4) security, (5) geographic information system and (6) technology governance.

LITIGATION

General

No litigation is pending or, to the knowledge of West Basin, threatened, in any way questioning or affecting the validity or enforceability of the Indenture or the 2022A Bonds. Neither the creation, organization or existence of West Basin, nor the title of the present directors or officers of West Basin to their respective office is being contested. While West Basin has certain other ongoing litigation with respect to the Water System, District Counsel does not believe such litigation is material to the finances or operation of the Water System.

West Basin is engaged in routine litigation incidental to the conduct of its business. In the opinion of West Basin's District Counsel, the aggregate amounts recoverable against West Basin, considering insurance coverage, are not material.

SDCWA Litigation

In 2010, 2012, 2014, 2016 and 2018, the San Diego County Water Authority ("SDCWA"), a member of The Metropolitan Water District of Southern California ("MWD"), as is West Basin, filed lawsuits against MWD challenging MWD's adoption of water rates and charges effective January 1, 2011 through January 1, 2020. As an MWD rate payer, West Basin was named as a real party in interest and participated in all of the lawsuits. The 2010 and 2012 lawsuits were coordinated and proceeded to trial, while the 2014, 2016, and 2018 cases were stayed by the court, pending final resolution of the 2010 and 2012 cases. SDCWA alleged in the lawsuits that MWD's water rates improperly allocated certain MWD costs, resulting in an overcharge to SDCWA. SDCWA alleged that such costs should be reclassified and reallocated so that MWD's remaining members, including West Basin, bear a larger share of the financial burden. On April 24, 2014, the trial court (San Francisco Superior Court) issued a final statement of decision in favor of SDCWA, finding no substantial evidence in the administrative record to support the inclusion of certain cost elements in MWD's water rates (in particular, MWD's System Access Rate and Water Stewardship Rate).

MWD and the member agencies appealed the trial court decision. On June 21, 2017, the California Court of Appeal issued an opinion (San Diego County Water Authority v. Metropolitan Water District of Southern California (2017) 12 Cal.App.5th 1124, as modified on denial of rehearing (July 18, 2017), review denied (Sept. 27, 2017)), reversing the judgment and vacating a peremptory writ of mandate. On appeal, the central issue in dispute was cost allocation of charges imposed by MWD for transporting ("wheeling") water purchased from a third party. The Court of Appeal held that the inclusion of MWD's system-wide transportation costs in the calculation of its wheeling rate, including charges paid to the State Water Project, did not violate the wheeling statutes or the terms of the Exchange Agreement. The court affirmed the trial court's finding that the wheeling rate cannot include MWD's Water Stewardship Rate (which was designed to fund a water conservation program) because the Water Stewardship Rate is supply-related, not transportation-related, and its inclusion as a component of the wheeling rate and Exchange Agreement transportation rates was unlawful. The Court of Appeal also found that SDCWA is entitled to recover the overcharges that resulted from inclusion of such charges in MWD's water rates.

MWD and SDCWA filed motions for entry of judgment as to the 2010 and 2012 actions, which were heard by the San Francisco Superior Court on July 30, 2020. On August 12, 2020, the court issued a Peremptory Writ of Mandate and Judgment pertaining to the 2010 and 2012 actions. Judgment was entered for SDCWA on the rate challenge causes of action as well as the breach of contract, preferential rights, and Rate Structure Integrity causes of action. Judgment was entered for MWD on the breach of fiduciary duty and breach of the covenant of good faith and fair dealing causes of action. The Peremptory Writ of Mandate directs MWD to enact only legal wheeling and transportation rates in the future. On September 11, 2020, MWD filed a notice of appeal of the court's August 12, 2020 Judgment and Peremptory Writ of Mandate. This appeal is currently pending. In addition, on January 13, 2021, following a December 16, 2020 hearing, the court issued an order on MWD and SDCWA's cross-motions for determination of the prevailing party under the Exchange Agreement in the 2010 and 2012 cases, finding that SDCWA is the prevailing party on the contract, entitled to its attorneys' fees and costs under the contract.

On August 25, 2020, the court granted SDCWA's motions to lift the stays and file amended petitions/complaints in the 2014 and 2016 cases, and on August 28, 2020, SDCWA filed amended petitions/complaints in such cases. On September 28, 2020, MWD filed a demurrer to and motion to strike portions of SDCWA's First Amended Petition/Complaint in the 2014 action, and a demurrer to and motion to strike portions of SDCWA's Second Amended Petition/Complaint in the 2016 action. The Real Parties in Interest in the action, including West Basin, filed joinders in these demurrers and motions to strike. On February 16, 2021, following a February 10, 2021 hearing, the court issued an order denying MWD's demurrers and motions to strike, allowing SDCWA to retain the contested allegations in its petitions/complaints. The petitions/complaints contain new claims pertaining to "offsetting benefits" allegedly owed to SDCWA under the Wheeling Statutes.

On November 13, 2020, the court issued an order designating the 2018 case complex and assigning the matter to Judge Massullo of the San Francisco Superior Court. The parties are currently involved in settlement negotiations.

As a result of the Court of Appeal's decision, and depending upon the actions of the trial court in the pending 2014, 2016, and 2018 cases, West Basin's MWD water charges to West Basin could increase. Because West Basin's policy is to pass MWD water rate increases to the retail water suppliers taking delivery of such water, West Basin does not believe that such an increase by MWD would have a material adverse effect on the ability of West Basin to pay the 2022A Bonds unless such rate increases results in decreased purchases by the retail water agencies within West Basin's service area.

Los Angeles Waterkeeper v West Basin

West Basin certified an Environmental Impact Report ("EIR") for a proposed ocean water desalination project in November 2019. On December 18, 2019, Petitioner Los Angeles Waterkeeper filed a lawsuit asserting violations of the California Environmental Quality Act ("CEQA") and the California Public Trust. Plaintiffs contended that West Basin did not adequately analyze and mitigate potential environmental impacts. In light West Basin's decision to terminate the ocean desalination project, West Basin is currently negotiating the settlement of this matter. See the caption "INFORMATION RELATING TO THE WEST BASIN MUNICIPAL WATER DISTRICT – Future Water System Improvements" in Appendix A.

APPROVAL OF LEGAL PROCEEDINGS

The valid, legal and binding nature of the 2022A Bonds is subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, acting as Bond Counsel. The form of such legal opinion is attached hereto as Appendix D, and such legal opinion will be attached to each 2022A Bond. Certain legal matters will be passed upon for West Basin by Olivarez Madruga Lemieux O'Neill, LLP, Westlake Village, California, general counsel to West Basin, for West Basin by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, and for the Trustee by its counsel. The Underwriter is being represented by its counsel, Hawkins Delafield & Wood LLP, Los Angeles, California.

Payment of the fees of Bond Counsel and Disclosure Counsel are contingent upon the issuance of the 2022A Bonds. Stradling Yocca Carlson & Rauth represents West Basin in connection with the issuance of the 2022A Bonds. Stradling Yocca Carlson & Rauth represents the Underwriter from time-to-time on other financings and matters unrelated to the District or the 2022A Bonds. Bond Counsel and Disclosure Counsel does not represent the Underwriter or any other party other than the District with respect to the issuance of the 2022A Bonds.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond 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, interest (and original issue discount) on the 2022A Bonds 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 Bond Counsel, interest (and original issue discount) on the 2022A Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the 2022A Bonds 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 Code that must be satisfied subsequent to the issuance of the 2022A Bonds to assure that interest (and original issue discount) on the 2022A Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the 2022A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2022A Bonds. The District has covenanted to comply with all such requirements.

In the opinion of Bond Counsel, the difference between the issue price of a 2022A Bond (the first price at which a substantial amount of the 2022A Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such 2022A Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner's basis in the applicable 2022A Bond. The amount of original issue discount that accrues to the Beneficial Owner of a 2022A Bond is excluded from the gross income of such Beneficial Owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

The amount by which a 2022A Bond Owner's original basis for determining loss on sale or exchange in the applicable 2022A Bond (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 2022A Bond Owner's basis in the applicable 2022A Bond (and the amount of tax-exempt interest received with respect to the 2022A Bonds), 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 2022A Bond Owner realizing a taxable gain when a 2022A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2022A Bond to the Owner. Purchasers of the 2022A Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

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 2022A Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2022A Bonds might be affected as a result of such an audit of the 2022A Bonds (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 issuance of the 2022A Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the 2022A Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE 2022A BONDS THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE 2022A BONDS, INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE 2022A BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE 2022A BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE 2022A BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE 2022A BONDS, 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 2022A BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the 2022A Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any 2022A Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the 2022A Bonds 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 2022A Bonds and the accrual or receipt of interest (and original issue discount) on the 2022A Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the 2022A Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the 2022A Bonds.

Should interest (and original issue discount) on the 2022A Bonds become includable in gross income for federal income tax purposes, the 2022A Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

A complete copy of the proposed opinion of Bond Counsel is set forth in Appendix D.

MUNICIPAL ADVISOR

West Basin has retained PFM Financial Advisors LLC, Los Angeles, California, as municipal advisor (the "Municipal Advisor") in connection with the issuance of the 2022A Bonds. The Municipal Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. The payment of the fees of the Municipal Advisor for the 2022A Bonds is contingent upon the issuance thereof.

RATING

West Basin expects that Moody's Investors Service, Inc. ("Moody's") will assign the 2022A Bonds the rating of "Aa2". There is no assurance that any credit rating given to the 2022A Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by Moody's, if, in the judgment of Moody's, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the 2022A Bonds. Such rating reflects only the view of Moody's, and an explanation of the significance of such ratings may be obtained from Moody's.

The District has covenanted in a Continuing Disclosure Certificate to file on EMMA, notices of any rating changes on the 2022A Bonds. See the caption "CONTINUING DISCLOSURE UNDERTAKING" below and Appendix F—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." Notwithstanding such covenant, information relating to rating changes on the 2022A Bonds may be publicly available from Moody's 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 the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA"). Purchasers of the 2022A Bonds are directed to Moody's and its website and official media outlets for the most current ratings changes with respect to the 2022A Bonds after the initial issuance of the 2022A Bonds.

In providing a rating on the 2022A Bonds, Moody's may have performed independent calculations of coverage ratios using its own internal formulas and methodology which may not reflect the provisions of the Indenture. 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, the availability of particular revenues for the payment of the principal of and interest on the 2022A Bonds or for any other purpose.

UNDERWRITING

The 2022A Bonds will be purchased by Barclays Capital Inc. (the "Underwriter"), pursuant to a Purchase Contract, by and between West Basin and the Underwriter (the "Purchase Contract"). Under the Purchase Contract, the Underwriter has agreed to purchase all, but not less than all, of the 2022A Bonds for an aggregate purchase price of $28,967,444.78 (representing the principal amount of the 2022A Bonds, less Underwriters' discount of $72,059.27, plus original issue premium of $4,594,504.05). The Purchase Contract provides that the Underwriter will purchase all of the 2022A Bonds if any are purchased, the obligation to make such a purchase being subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions.

The initial public offering prices stated on the inside cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the 2022A Bonds to certain dealers (including dealers depositing 2022A Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for West Basin, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of West Basin.

CONTINUING DISCLOSURE UNDERTAKING

West Basin has covenanted in a Continuing Disclosure Certificate for the benefit of the holders and beneficial owners of the 2022A Bonds to provide certain financial information and operating data relating to West Basin by not later than the 270 days following the end of West Basin's Fiscal Year (currently its Fiscal Year ends on June 30) (the "Annual Report"), commencing with the report for the Fiscal Year ending June 30, 2022, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by West Basin with EMMA or any successor repository prescribe by the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report and the notice of enumerated events is set forth in Appendix F. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934. West Basin has not failed to comply with the terms of its existing continuing disclosure agreements in the last five years in any material respect.

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 2022A Bonds.

The execution and delivery of this Official Statement have been duly authorized by West Basin.

WEST BASIN MUNICIPAL WATER DISTRICT

Donald L Dear

By: /s/Donald L. Dear
President

APPENDIX A

INFORMATION RELATING TO THE
WEST BASIN MUNICIPAL WATER DISTRICT

General

The West Basin Municipal Water District ("West Basin") was formed in 1947 under the Municipal Water District Law, Division 20 of the Water Code of the State of California, for the purpose of securing a supplemental supply of water for inhabitants of West Basin's service area to reduce groundwater overdrafting. West Basin is a member agency of The Metropolitan Water District of Southern California ("MWD") and began receiving MWD water in 1948.

West Basin is located in Los Angeles County (the "County") and includes approximately 185 square miles of the western portion of the County bordering on the Pacific Ocean from Malibu in the north to the Palos Verdes Peninsula in the south. West Basin has a population of approximately 882,000 within its service area. West Basin currently purchases all of its imported water supply from MWD for sale to: (i) the Water Replenishment District of Southern California ("WRD"), a governmental agency located within and outside the boundaries of West Basin, for groundwater replenishment of two hydraulic seawater barriers, the Dominguez Gap Barrier and the West Coast Barrier (collectively, the "Barrier"); and (ii) 8 retail water suppliers within the boundaries of West Basin who in turn provide water to approximately 200,000 retail customers.

West Basin also purchases secondary effluent from the City of Los Angeles and treats the effluent to produce recycled water for sale to certain retail water suppliers within and outside the boundaries of West Basin for non-potable consumption and to WRD for the West Coast Barrier.

These sources of water permit West Basin to supply approximately 81% of the potable and non-potable water used within the boundaries of West Basin. Retail water suppliers within the boundaries of West Basin pump approximately 19% of the total water used within the boundaries of West Basin from local groundwater basins. West Basin is not responsible for managing such local groundwater basins and does not realize any revenues from groundwater pumping within the boundaries of West Basin by such retail water suppliers.

Land and Land Use

West Basin contains approximately 185 square miles of land in the southwestern portion of the County. Seventeen cities and other unincorporated areas are within the boundaries of West Basin. The urban areas of West Basin are substantially developed and West Basin does not currently expect to see significant new development occurring within its boundaries.

The climate of West Basin is primarily coastal with a temperate climate. The terrain ranges from flat coastal plain along the Pacific Ocean to mountainous areas and includes portions of the Santa Monica Mountains.

Service Area

The boundaries of West Basin encompass approximately 185 square miles in the southwestern portion of the County. West Basin wholesales imported water to WRD and 8 retail agencies within the boundaries of West Basin who in turn provide retail water service throughout West Basin. The retail agencies have approximately 200,000 retail customers. The retail agency customers provide water to all or a portion of 17 cities, including Carson, Culver City, El Segundo, Gardena, Hawthorne, Hermosa Beach, Inglewood, Lawndale, Lomita, Malibu, Manhattan Beach, Palos Verdes Estates, Rancho Palos Verdes, Redondo Beach, Rolling Hills, Rolling Hills Estates and West Hollywood, and certain other unincorporated area of the County. West Basin estimates that water connections to the retail agencies are approximately 59% residential, 19% commercial, 5% industrial, 6% governmental, 1.5% agricultural or other and 9.5% unclassified.

West Basin also sells imported water to WRD for injection by the Los Angeles County Department of Public Works into the groundwater basin to prevent seawater from intruding into the basin and to replenish local groundwater supplies. See the caption "—Water Operations—Recycled Water System." WRD is located both within and outside the boundaries of West Basin.

West Basin produces and sells recycled water to certain retail agencies for delivery to individual customers within the boundaries of West Basin, and to the City of Torrance for delivery to the Torrance Refining Company, LLC and certain other customers. West Basin also sells recycled water to DWP for delivery to customers in the City of Los Angeles. Recycled water is presently available within certain areas within the West Basin service area and recycled water is currently sold to 468 users. See the caption "—Water Operations—Recycled Water System."

Powers

Under the Municipal Water District Law, West Basin has broad general powers over the use of water within its boundaries, including the right of eminent domain and the authority to acquire, control, distribute, store, spread, sink, treat, purify, reclaim, recapture and salvage any water for beneficial use, to acquire, construct and operate facilities for the collection, treatment, and disposal of sewage, waste and storm water, to sell potable or non-potable water, to contract with the United States, other public agencies, private corporations, or other persons and, subject to constitutional limitations, to levy assessments, taxes and standby charges on lands.

Governance and Management

West Basin is governed by a five-member Board of Directors (the "Board"), who are elected by the registered voters in West Basin to staggered four-year terms. The current directors, their occupations and the expiration dates of their terms are set forth below.

Director	***Expiration of Term***	***Occupation***
Donald L. Dear, President	December 2024	Retired Mayor
Scott Houston, Vice President	December 2022	Communications Consultant
Desi Alvarez, Treasurer	December 2024	Consulting Engineer
Gloria D. Gray, Secretary	December 2022	Retired Health and Human Services Administrator
Harold C. Williams, Immediate Past President	December 2022	Civil Engineer

Day-to-day management of West Basin is delegated to the Interim General Manager, Edward Caldwell. Mr. Caldwell joined West Basin in 2006, and was appointed the Interim General Manager on August 10, 2021. Prior to his appointment as Interim General Manager, Mr. Caldwell served as the Manager of Water Policy and Resources Development. In these roles, Mr. Caldwell has developed an expertise in water supply management, water use efficiency, and water policy. Mr. Caldwell began his career in the California State Capitol where Mr. Caldwell served in the Office of Assembly Speaker Herb J. Wesson Jr., and continued under Assembly Speaker Fabian Nuñez, as a Policy Advisor on legislative and policy issues related to housing and community development, insurance and structural reform to the California State Budget.

After leaving the California State Capitol, Mr. Caldwell practiced law in Southern California, representing school districts, special districts and municipalities, concentrating on legislative and regulatory matters. A member of the California State Bar Association, Mr. Caldwell graduated from Willamette

University College of Law with a Juris Doctor; and earned a Bachelor of Arts in Political Science from the University of Arizona.

West Basin is in the process of identifying candidates for the position of General Manager and expects to hire a permanent General Manager in the first half of 2022.

Margaret Moggia is the Executive Manager of Finance for West Basin. Ms. Moggia oversees accounting, treasury, debt management, procurement, and is currently developing a business outreach program to reach out to local and small businesses. Ms. Moggia also participates in negotiating on key contracts and serves as one member of the executive management team. While serving as Executive Manager of Finance, Ms. Moggia has sought to improve the reporting of financial information and establish key financial policies to help ensure that West Basin plans and achieves critical financial indicators with a focus on long-term financial planning that meets the strategic plan and financial policies of West Basin. Prior to coming to West Basin, Ms. Moggia worked at Coopers & Lybrand as a staff associate to a supervising senior associate focusing primarily on the Government and Not-for-Profit sector. In addition, Ms. Moggia is a licensed certified public accountant.

Ms. Moggia is a Past President for the California Society of Municipal Finance Officers and Past President for the California Municipal Treasurers Association. Ms. Moggia is a member of the Government Finance Officers Association (the "GFOA") and was elected to the Executive Board in May 2020 where she will serve a 3-year term. Additionally, Ms. Moggia is ex-officio to the GFOA's Certification Program and Committee on Economic Development and Capital Planning, and also serves on the Mentorship Committee for the GFOA's Women in Public Finance Network. She previously served as a subcommittee member to the Committee of Accounting, Auditing and Financial Reporting, and a task force member for the Ethics working group.

Employees and Employee Benefits

General. West Basin currently employs 50 full-time persons, of whom 33 work in the operations, public information and education, water policy and resource development and engineering departments and 23 work in finance, human resources or administration, including the General Manager and the members of West Basin's executive management team. West Basin has also budgeted for six intern positions, and only one of such intern positions is currently filled. None of West Basin's employees are presently represented by a union. West Basin has not experienced any strike or other labor actions.

West Basin currently contracts with SUEZ Water Environmental Services, Inc. ("Suez") for the operation and maintenance of its Edward C. Little Water Recycling Facility (the "Treatment Plant"), satellite facilities and the Hyperion Secondary Effluent Pump Station. Approximately 4 interns, 2 part time positions and 63 full time positions are utilized by Suez to fulfill its contract obligations at the Treatment Plant and satellite facilities. On April 11, 2021, the parent company of Suez and Veolia Environnement S.A. agreed to a merger of the two companies. The merger is expected to be completed in January 2022. Following the merger, Suez is expected to change its name to Veolia Water West Operating Services, Inc. The personnel providing operation and maintenance services to the Treatment Plant are not expected to change as a result of the merger. West Basin also currently contracts with Inframark LLC ("Inframark") for the operation and maintenance of the recycled water distribution pipeline system (the "Recycled Water System"). Inframark utilizes three to four positions on as needed basis, and in coordination with West Basin staff, to fulfill its obligation under its contract with West Basin.

West Basin's labor expenses, including salaries, benefits, PERS payments and other post-employment benefit payments, constitute an average of approximately 4% of its total annual budgeted expenses.

Pension Plan. *This caption contains certain information relating to the California Public Employees Retirement System ("CalPERS"). The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. West Basin has not independently verified the information provided by CalPERS and makes no representations nor expresses any opinion as to the accuracy of the information provided by CalPERS.*

The comprehensive annual financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference herein. West Basin cannot guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

CalPERS. West Basin contributes to CalPERS, an agent multiple employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State. Benefit provisions under West Basin's Miscellaneous Plans (the "Plans") administered by CalPERS are established by State statute and local government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Eligible employees hired after January 1, 2013 that are "new members" as defined by the Public Employees' Pension Reform Act (PEPRA) participate in the PEPRA Miscellaneous Plan. West Basin currently has 29 employees that participate in the PEPRA Miscellaneous Plan.

Employees covered by CalPERS hired prior to January 1, 2013 ("Classic Members") contribute 7.784% of their gross salary to CalPERS. Employees hired on or after January 1, 2013 covered by CalPERS (PEPRA) contribute 7.250% of their gross salary to CalPERS.

The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Miscellaneous (Classic)	***Miscellaneous (PEPRA)***
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit Formula	3.0% @ 60	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 3.0%	1.0% to 2.5%
Required Employer Contribution Rates	16.337%	7.874%

Employer contribution rates for all employers are determined on an annual basis by the CalPERS actuary and are effective on July 1 following the notice of a change in rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. West Basin is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2021, West Basin's employer contributions were $775,866. The actual employer payments of $569,830 made to CalPERS by West Basin during the measurement period ended June 30, 2020 differed from the West Basin's proportionate share of the employer's contributions of $906,451 by $336,621, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions. West Basin's net pension liability for the Plans is measured as the total pension liability, less the Plans' fiduciary net position. As of June 30, 2021, West Basin reported a net pension liability of $1,586,130 for its proportionate share of the net pension liability of the Plan. The net pension liability was measured as of June 30, 2020, and the total net pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. West Basin's proportion of the net pension liability was based on a projection of their long-term share of contributions to the Plans relative to the projected contributions of all participating employers, actuarially determined.

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

		Increase (Decrease)	
	Plan Total Pension Liability (a)	***Plan Fiduciary Net Position (b)***	***Plan Net Pension Liability (c) = (a) - (b)***
Balance at: 6/30/2019 (Valuation Date)	$20,000,215	$18,936,884	$1,063,331
Balance at: 6/30/2020 (Measurement Date)	21,873,918	20,287,788	1,586,130
Net Changes during Fiscal Year 2020	1,873,703	1,350,904	522,799

West Basin'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, however, the information on such website is not incorporated herein by reference. West Basin's proportionate share of the net pension liability as of June 30, 2019 and June 30, 2020 was as follows:

	Miscellaneous
Proportionate Share - June 30, 2020	0.02655%
Proportionate Share - June 30, 2021	0.03760%
Change - Increase (Decrease)	0.01105%

For the measurement period ending June 30, 2020, West Basin incurred a pension expense of $1,110,135. At June 30, 2021, West Basin reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	***Deferred Inflows of Resources***
Differences between Expected and Actual Experience	$ 81,738	$ 0
Changes of Assumptions	0	11,313
Net Difference between Projected and Actual Earnings on Pension Plan Investments	47,118	0
Changes in employer's proportion	637,941	0
Differences between the employer's contributions and the employer's proportionate share of contributions	4,277	295,589
Pension Contributions Subsequent to Measurement Date	775,866	0
Total	$ 1,546,940	$ 306,902

Employer contributions of $775,866 reported as deferred outflows of resources related to contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	***Deferred Outflows/(Inflows) of Resources***
2022	$286,893
2023	106,580
2024	48,100
2025	22,599
2026	0
Thereafter	0

Actuarial Assumptions. The collective total pension liability for the June 30, 2020 measurement period was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. The collective total pension liability was based on the following assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Investment Rate of Return	7.15%
Inflation	2.50%
Salary Increases	Varies by entry age and service[(1)]
Mortality Rate Table	Derived using CalPERS' Membership Date for all Funds[(2)]
Post-retirement benefit increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter.

(1) Depending on age, service, and type of employment.

(2) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website, however, the information on such website is not incorporated herein by reference.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of West Basin, calculated using the current discount rate, as well as what West Basin's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate – 1% 6.15%	***Current Discount 7.15%***	***Current Discount + 1% 8.15%***
Plan Net Pension Liability/(Assets)	$4,497,014	$1,586,130	$(819,043)

Pension Plan Fiduciary Net Position. Detailed information about West Basin's pension plan fiduciary net position is available in the separately issued CalPERS financial reports.

Funding History. West Basin's payments to CalPERS for its unfunded liability in connection with the District's Miscellaneous Plan were $33,477 for Fiscal Year 2020, $62,798 for Fiscal Year 2021 and $101,230 for the current Fiscal Year. According to the June 30, 2020 CalPERS Actuarial Valuation for the District's Miscellaneous Plan, the unfunded liability payment for Fiscal Year 2023 is $159,093 and is projected to be $189,000 in Fiscal Year 2024. West Basin's payments to CalPERS for its unfunded liability in connection with the District's PEPRA Miscellaneous Plan were $3,630 for Fiscal Year 2020, $9,530 for Fiscal Year 2021 and $9,922 for the current Fiscal Year. According to the June 30, 2020 CalPERS Actuarial Valuation for the District's PEPRA Miscellaneous Plan, the unfunded liability payment for Fiscal Year 2023 is $11,703 and is projected to be $13,000 in Fiscal Year 2024.

According to the June 30, 2020 CalPERS Actuarial Valuation for the District's Miscellaneous Plan, the Miscellaneous Plan's share of the CalPERS risk pool's unfunded liability was $1,383,311 in Fiscal Year 2018 $1,691,104 in Fiscal Year 2019 and $2,342,395 in Fiscal Year 2020. The District's funded ratio for the Miscellaneous Plan was 92.6% in Fiscal Year 2018, 91.7% in Fiscal Year 2019 and 89.5% in Fiscal Year 2020.

According to the June 30, 2020 CalPERS Actuarial Valuation for the District's PEPRA Miscellaneous Plan, the PEPRA Miscellaneous Plan's share of the CalPERS risk pool's unfunded liability was $44,573 in Fiscal Year 2018, $81,000 in Fiscal Year 2019 and $127,792. The District's funded ratio for the Miscellaneous Plan was 93.2% in Fiscal Year 2018, 91.1% in Fiscal Year 2019 and 89.7% in Fiscal Year 2020.

For additional information relating to West Basin CalPERS plan, see Note 10 to West Basin's audited financial statements for Fiscal Year 2021 attached hereto as Appendix B.

PARS. West Basin has established a defined benefit, single-employer retirement plan that provides a pension benefit for full-time elected or appointed Directors:

Tier I: Members retire from West Basin after July 1, 2002 and assumed office prior to January 1, 2013, who are at least age 50 with 5 or more years of continuous service, who have not been a PERS member prior to January 1, 2003.

Tier II: Members retire from West Basin after July 1, 2002 and assumed office prior to January 1, 2013, who have assumed office on or after January 1, 1995, who are at least age 55 with 12 or more years of continuous service, and who are not eligible for another District retiree benefit.

Tier III: Members assumed office on or after January 1, 2013, who are at least age 52 with 5 or more years of continuous service, and who have not been a PERS member prior to January 2003.

This plan is administered for West Basin through a third party administrator, PARS. Copies of PARS' annual financial report may be obtained from its executive office at 4350 Von Karman Ave. Suite 100, Newport Beach, California 92660.

The pension benefit for Tier I members starts at 2% of the highest average annual salary for a one year period of employment with West Basin at age 50, increases by 0.1% for each year after age of 50, capped at 3% at 60. For Tier II members, the benefit is increased by a 2% annual Cost of Living Adjustment after retirement with the annual Supplemental benefit of $5,000. West Basin contributes to each benefit on behalf of the eligible directors. For Tier III members, the benefit starts at 1% of the highest average annual compensation paid during any 36 consecutive months, capped at 2.5% at age 67. The Tier III members contribute up to 50% of the normal cost which was 12.5% as of June 30, 2021 valuation date.

Currently, West Basin has 7 persons eligible for at least one of the tier benefits.

West Basin's funding policy is to make the contribution as determined by the plan's actuary. The plan's annual pension cost for the measurement period ending June 30, 2020, is based on an actuarial valuation as of June 30, 2019. For the Fiscal Year ending June 30, 2021, West Basin's annual pension cost was $45,518.

Actuarial Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Asset Valuation Method	Set equal to Market Value of Assets
Actuarial Assumptions	
Discount Rate	5.25%
Salary increase	3.25%
Inflation	2.75%
Mortality Rate Table	CalPERS 1997-2015 experience study

The following table shows the changes in net pension liability recognized over the measurement period:

		Increase (Decrease)	
	Total Pension Liability (a)	***Plan Fiduciary Net Position (b)***	***Net Pension Liability/(Asset) (c) = (a) - (b)***
Balance at: 6/30/2019 (valuation date)	$ 1,358,050	$ 1,753,443	$ (395,393)
Changes Recognized for the Measurement Period:			
Service Cost	68,638	0	68,638
Interest on the Total Pension Liability	74,493	0	74,493
Changes of Benefit Terms	0	0	0
Differences between Expected and Actual Experience	305,526	0	305,526
Changes of Assumptions	(269,808)	0	(269,808)
Contributions from the Employer	0	62,000	(62,000)
Contributions from the Employee	0	6,935	(6,935)
Net Investment Income	0	73,669	(73,669)
Benefit Payments	(15,529)	(15,529)	0
Administrative Expenses	0	(39,010)	39,010
Net Changes during 2019-20	163,320	88,065	75,255
Balance at: 6/30/2020 (measurement date)	$ 1,521,370	$ 1,841,508	$ (320,138)

For more information with respect to West Basin's pension obligation see Note 10 to the Financial Statements set forth in Appendix B hereto.

West Basin retained Bartel Associates, LLC (the "Actuarial Consultant") to calculate West Basin's PARS plan funding status. In a report dated January 25, 2021, the Actuarial Consultant concluded that, as of June 30, 2020, the West Basin's surplus for PARS plan was $320,138.

Other Post-Employment Benefits. West Basin provides post-employment health and dental benefits ("OPEB") in accordance with West Basin's administrative code to all employees who retire from West Basin on or after attaining age 55 with a minimum of 10 consecutive years of service or the Rule of 75 (age plus PERS or reciprocal) with at least five years of service with West Basin. As of June 30, 2020 (the valuation date), there were 19 retirees who meet these eligibility requirements. Copies of California Employer's Benefit Retirement Trust ("CEBRT") annual financial report can be obtained from its executive office at 400 "Q" Street, Sacramento, California 95811.

GASB Statement No. 75. Effective June 30, 2018, West Basin adopted GASB Statement No. 75 which replaced the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for*

Postemployment Benefits Other Than Pension (GASB Statement No. 45). See the caption "Management Discussion of Historical Operating Results and Debt Service Coverage" below for a discussion of the prior period adjustment relating to the implementation of GASB Statement No. 75.

Contributions. The OPEB plan and its contribution requirements are established by the District's Administrative Code and may be amended by agreements between West Basin. The annual contribution is based on the actuarially determined contribution. For the measurement period ended June 30, 2018, the West Basin's cash contributions were $615,957. For the measurement period ended June 30, 2019, West Basin's cash contributions were $278,539 in direct benefit payments not reimbursed by CERBT, and the estimated implicit subsidy of $89,917 resulting in total payments of $368,456. For the measurement period ended June 30, 2020, West Basin's cash contributions were $448,941 in payments to CERBT and the estimated implied subsidy was $76,788, resulting in total payments of $525,729.

Net OPEB Liability/(Asset). West Basin's net OPEB liability/(asset) was measured as of June 30, 2020 and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation dated June 30, 2020, based on the following actuarial methods and assumptions:

Actuarial Assumptions:

Valuation date	June 30, 2020
Measurement date	June 30, 2020
Actuarial cost method	Entry age normal cost, level percent of pay
Asset valuation method	Market value of assets
Discount Rate	7.10%
Inflation	2.75%
Salary Increases	3.25% - Per annum
Investment Rate of Return	7.10%
Mortality Rate	CalPERS 2017 experience assumptions; Mortality projections using MacLeod Watts Scale 2018 applied generationally.
Healthcare Trend Rate	6.5% to 5% Step 0.5%

Changes in the net OPEB Liability/(Asset). The changes in the net OPEB liability/(asset) for the Plan are as follows:

	Total OPEB Liability (a)	***Plan Fiduciary Net Position (b)***	***Net OPEB Liability/(Asset) (c) = (a) - (b)***
Balance at June 30, 2020			
(Measurement Date June 30, 2019)	$ 10,312,367	$ 11,503,458	$ (1,191,091)
Changes for the year:			
Service Cost	501,946	0	501,946
Interest	754,736	0	754,736
Changes of assumptions	(112,152)	0	(112,152)
Plan experience differences	0	0	0
Contributions - employer	0	368,456	(368,456)
Net investment income	0	406,373	(406,373)
Benefit payments	(368,456)	(368,456)	0
Administrative expenses	0	(5,632)	5,632
Net Changes	776,074	400,741	375,333
Balance at June 30, 2021			
(Measurement Date June 30, 2020)	$ 11,088,441	$ 11,904,199	$ (815,758)

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate. The table below presents the net OPEB liability/(asset) of West Basin if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	1% Decrease 6.10%	***Current Discount Rate 7.10%***	***1% Increase 8.10%***
Net OPEB Liability/(Asset)	$808,808	$(815,758)	$(2,132,602)

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability/(asset) of West Basin if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	1% Decrease	***Current Healthcare Cost Trend Rates***	***1% Increase***
Net OPEB Liability/(Asset)	$(2,341,022)	$(815,758)	$1,214,759

Recognition of Deferred Outflows and Deferred Inflows of Resources. Gains and losses related to changes in total OPEB liability/(asset) and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. For the fiscal year ended June 30, 2021, West Basin recognized OPEB expense of $369,517.

As of fiscal year ended June 30, 2021, West Basin reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	***Deferred Inflows of Resources***
OPEB contributions subsequent to measurement date	$ 525,729	$ 0
Changes of assumptions	617,482	689,586
Differences between expected and actual experience	0	874,678
Net difference between projected and actual earnings on OPEB plan investments	304,825	0
Total	$ 1,448,036	$ 1,564,264

The $525,729 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability/(asset) during the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30:	***Deferred Outflows/(Inflows) of Resources***
2022	$(76,252)
2023	(20,013)
2024	(9,620)
2025	(36,244)
2026	(200,259)
Thereafter:	(299,569)

For more information with respect to West Basin's OPEB, see Note 11 to the Financial Statements set forth in Appendix B hereto.

Budget Process

Prior to June 1 of each year, the General Manager of West Basin submits a proposed budget for West Basin for the Fiscal Year commencing the following July 1 to the Board. The Board generally conducts public workshops to obtain comments from customers of retail agencies served by West Basin, residents and ratepayers. Subsequent to the public workshops, the Board approves the budget prior to July 1. The Board approved the West Basin operating budget for Fiscal Year 2022 on May 24, 2021. As of January 25, 2022, no material amendment to such budget has been approved.

In addition, West Basin is required to hold a public hearing prior to adoption or re-adoption of the existing standby charge. The Board held a public hearing on May 24, 2021 prior to readopting the standby charge for Fiscal Year 2022. West Basin has agreed to enter into a settlement agreement pursuant to which, if such settlement agreement is approved by the court, West Basin has agreed to reduce the standby charge over the next eight Fiscal Years and to terminate the standby charge by no later than June 30, 2030. See the caption "—Standby Charges – *Standby Charge Settlement*" below.

The budget for West Basin is prepared on the accrual basis. For budgeting purposes, West Basin generally sets user charges to cover operating expenses of the particular services, including water purchases from MWD, and West Basin uses standby charge revenue to finance capital projects and pay debt service. See Appendix B—"WEST BASIN MUNICIPAL WATER DISTRICT FINANCIAL STATEMENTS FOR FISCAL YEAR ENDING JUNE 30, 2021, INCLUDING THE AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING."

Insurance

West Basin maintains liability and property insurance through the Association of California Water Agencies Joint Powers Insurance Authority ("ACWA-JPIA"). The liability program has no deductible.

The property program includes coverage to scheduled property, such as buildings, fixed equipment, content, vehicles and mobile equipment, against physical damage and by named perils, including fire, earthquake and flood. West Basin's property insurance coverage includes $100,000 per occurrence pooled self-insured coverage from ACWA-JPIA and $500,000,000 in coverage from private carriers. There is a $25,000 property insurance deductible for buildings, personal property and fixed equipment. The deductibles for machinery and boiler coverage vary by equipment type.

West Basin's general liability, automobile liability and public officials liability coverage all include $5,000,000 pooled self-insured coverage from ACWA-JPIA and $55,000,000 in coverage through private carriers.

West Basin's participation in the liability program gives it a separate coverage for cyber liability with limits of $3,000,000 per claim and $5,000,000 aggregate, with the deductible ranging from $10,000 to $50,000 depending on West Basin's revenues.

West Basin is covered up to $100,000 per occurrence with a $1,000 deductible for employee dishonesty, forgery or alteration and computer fraud through ACWA-JPIA. This program covers all employees and the Board.

West Basin also has insurance coverage with Alliant Insurance for theft, including theft by employees, burglary, computer and other instances of fraud, as well as certain other covered crimes, up to $3,000,000 with a $2,500 deductible. West Basin maintains worker's compensation insurance with the State Compensation Insurance Fund up to statutory limits.

For more information with respect to West Basin's insurance coverages, see Note 1 to the Financial Statements set forth in Appendix B hereto.

Outstanding Indebtedness and Interest Rate Swap Agreement

Parity Obligations

Following the refunding or defeasance, as applicable, of the 2012A Bonds with proceeds of the 2022A Bonds and other available moneys, West Basin will have the following obligations outstanding that are payable on a parity with the payment of the principal of and interest on the 2022A Bonds.

2016A Bonds. West Basin issued the West Basin Municipal Water District Refunding Revenue Bonds, Series 2016A (the "2016A Bonds") in October 2016 in the aggregate principal amount of $112,875,000 pursuant to an Indenture of Trust, dated as of August 1, 2016, by and between West Basin and U.S. Bank Trust Company, National Association, as trustee. The 2016A Bonds were used to refund certain of West Basin's certificates of participation that were outstanding on such date. As of January 1, 2022, $96,430,000 of the 2016A Bonds remain outstanding. The obligation of West Basin to pay the principal of and interest on the 2016A Bonds is payable from Net Revenues on a parity with the obligation of West Basin to pay principal of and interest on the 2022A Bonds.

2021A Bonds. West Basin issued the West Basin Municipal Water District Refunding Revenue Bonds, Series 2021A (the "2021A Bonds") in June 2021 in the aggregate principal amount of $74,900,000 pursuant to an Indenture of Trust, dated as of May 1, 2021, by and between West Basin and U.S. Bank Trust Company, National Association, as trustee. The 2021A Bonds were used to refund a portion of certain of

West Basin's revenue refunding bonds that were outstanding on such date. As of January 1, 2022, $74,900,000 of the 2021A Bonds remain outstanding. The obligation of West Basin to pay the principal of and interest on the 2021A Bonds is payable from Net Revenues on a parity with the obligation of West Basin to pay principal of and interest on the 2022A Bonds.

2016 State Loan. In October 2016, the District entered into an installment sale agreement and grant with the State Water Resources Control Board ("SWRCB") to obtain a 1.00% interest rate loan from the SWRCB under the State of California Clean Water State Revolving Fund program (the "2016 State Loan") to finance a portion of the cost of the Juanita Millender-McDonald Carson Regional Water Recycling Plant Phase II Expansion Project. Under the agreement, West Basin can draw up to approximately $23.8 million. SWRCB has indicated to West Basin that the amount that may be drawn under the 2016 State Loan may be increased if additional funding is needed to complete the Juanita Millender-McDonald Carson Regional Water Recycling Plant Phase II Expansion Project. As of January 1, 2022, West Basin had not drawn upon the 2016 State Loan. West Basin currently projects drawing approximately $21 million under the 2016 State Loan in Fiscal Year 2023. See the caption "—Future Water System Improvements." The 2016 State Loan will be payable over a 30 year term. The 2016 State Loan will be payable from Net Revenues on a parity with the obligation of West Basin to pay principal of and interest on the 2022A Bonds.

2004A Swap Agreement. West Basin entered into a swap agreement, dated June 8, 2004 (the "Original Swap"), with Citibank, N.A., New York ("Citibank") in connection with the execution and delivery of certain certificates of participation. West Basin entered into an Amended and Restated Confirmation (together with the Original Swap, the "2004A Swap Agreement") in 2008. Subsequent to the prepayment of West Basin's Adjustable Rate Revenue Certificates of Participation, Series 2010A (the "2010A Certificates"), West Basin determined to continue holding the 2004A Swap Agreement as an investment pursuant to California Government Code Section 5922. Under the 2004A Swap Agreement, West Basin pays a fixed rate of 3.662% and receives a floating rate calculated in reference to the London Interbank Offered Rate ("LIBOR") in accordance with the 2004A Swap Agreement. On March 5, 2021, the Financial Conduct Authority (the "FCA"), the United Kingdom regulatory body currently responsible for the regulation and supervision of LIBOR announced that it will no longer persuade or compel banks to submit rates for the calculation of LIBOR immediately after June 30, 2023 for all US dollar settings, other than one week and two month US dollar settings. The District is currently evaluating the alternatives for transitioning from LIBOR but has not yet determined which alternative to implement. Under certain circumstances, the 2004A Swap Agreement may be terminated and West Basin may be required to make a substantial termination payment to Citibank based on market interest rates at the time of termination. Any such termination payment owed by West Basin would be payable on a basis that is subordinate to the obligation of West Basin to pay principal of and interest on the 2022A Bonds. The 2004A Swap Agreement is scheduled to terminate on August 1, 2027. As of January 10, 2022, the fair value of the 2004A Swap Agreement was approximately $687,940.92.

Subordinate Obligations. West Basin may issue from time to time tax and revenue notes ("TRANs") to secure West Basin's Commercial Paper Certificates. The TRANs are payable from taxes, income, revenue, cash receipts and other moneys which are received by the Water System of West Basin for the then-current Fiscal Year and which are lawfully available for the payment of current expenses and other obligations of West Basin. The obligation of West Basin to make payments of principal and interest on the TRANs is a general obligation of West Basin. West Basin has additionally pledged Revenues on a subordinate basis to the 2016A Bonds, 2021A Bonds, 2022A Bonds and any Bonds or Contracts that are on a parity with the 2016A Bonds 2021A Bonds and 2022A Bonds. Payment on the TRAN is additionally payable from Net Revenues of West Basin subject only to the prior payment of the 2016A Bonds, 2021A Bonds, 2022A Bonds and any Bonds or Contracts that are on a parity with the 2016A Bonds, 2021A Bonds and 2022A Bonds.

Water Operations

Imported Water. West Basin has 42 active service connections to MWD feeder lines which range in capacity from 4 to 160 cubic feet per second. All service connections are owned and operated by MWD. The treated water that MWD provides to West Basin is primarily processed at the Jensen Plant in the San Fernando Valley, but some treated supplies are also processed at the Weymouth Plant in the City of La Verne. The treatment process for Colorado River water and Northern California water includes flocculation, coagulation, sedimentation, filtration, chlorination, and, at the Jensen Plant, ozone treatment. Delivery of Northern California water blended with Colorado River water began in 1971. West Basin does not own or operate any treatment facilities or any pipelines for transmission and distribution of MWD imported water. For additional information concerning West Basin water purchases from MWD and rates and charges, see the captions "—Historical Imported Water and Groundwater Usage" and "—Water System Rates and Charges."

MWD faces various challenges in the continued supply of imported water to West Basin and other member agencies. A description of these challenges as well as a variety of other operating information with respect to MWD is included in detail under the caption "METROPOLITAN'S WATER SUPPLY" in Appendix A to MWD's Official Statement dated June 23, 2021, relating to its Water Revenue Refunding Bonds, 2021 Series B ("MWD's Water Supply Disclosure"). West Basin incorporates MWD's Water Supply Disclosure by specific reference in this Official Statement. MWD's Water Supply Disclosure is on file with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA") and can be accessed at http://emma.msrb.org/. MWD's Water Supply Disclosure is the disclosure of MWD and, accordingly, West Basin does not make any representations as to the accuracy or completeness of MWD's Water Supply Disclosure or as to the absence of material adverse changes in MWD's Water Supply Disclosure after the date hereof.

MWD has not reviewed this Official Statement and has made no representations or warranties with respect to the accuracy or completeness of the information contained or incorporated herein, including information with regard to MWD. MWD is not contractually obligated, and has not undertaken, to update such MWD information for the benefit of West Basin or the owners of the 2022A Bonds under Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule").

Recycled Water System. The Recycled Water System of West Basin includes the Treatment Plant, one 5 mgd satellite nitrification treatment facility, one 8.2 mgd satellite nitrification and microfiltration/reverse osmosis plant, one 5.9 mgd satellite nitrification and microfiltration/reverse osmosis plant, approximately 100 miles of pipeline, three re-disinfection stations, two booster pump stations and certain related facilities. West Basin purchases secondary treated effluent ("Effluent") from the City of Los Angeles Hyperion Water Reclamation Plant ("Hyperion") from the Department of Water and Power of the City of Los Angeles ("DWP") pursuant to the terms of an agreement (the "DWP Agreement") with the City of Los Angeles. Pursuant to the DWP Agreement, West Basin can purchase surplus Effluent from Hyperion at a cost of $7.50 per acre foot. The DWP Agreement is scheduled to terminate in 2026 unless extended or unless terminated on an earlier date because the City Council of the City of Los Angeles determines that the Effluent is no longer surplus to the needs of the City of Los Angeles.

Pursuant to the DWP Agreement, the City of Los Angeles has a right to purchase up to 25,000 acre feet of recycled water from West Basin per year. Purchases by the City of Los Angeles totaled approximately 829 acre feet in Fiscal Year 2019, 870 acre feet in Fiscal Year 2020 and 882 acre feet in Fiscal Year 2021.

West Basin pumps surplus Effluent to the West Basin's Hyperion Secondary Effluent Pump Station to the Treatment Plant, which is located in the City of El Segundo, where the water is additionally treated prior to distribution through the Recycled Water System. Four different treatment processes are utilized at the Treatment Plant. One treatment process, referred to as disinfected tertiary treatment, can produce up to 40 mgd of filtered and disinfected water for irrigation and industrial use ("Title 22 Recycled Water"). Title 22 Recycled Water is supplied to the three satellite facilities described above and is delivered to approximately

446 connections through the pipeline distribution system of approximately 100 miles, which is owned by West Basin. The second treatment process, referred to as Barrier treatment, is capable of producing up to 17.5 mgd of desalinated recycled water. West Basin sells such water to WRD for injection into the seawater intrusion Barrier ("Barrier Recycled Water"). The third and fourth treatment processes will produce up to 4.8 mgd of desalinated recycled water. West Basin sells such water to the Chevron Refinery for use in the boilers of the Chevron Refinery and to a power generation facility operated by NRG Energy. In prior years, the quality of the surplus Effluent has been inconsistent due to the amount of total dissolved solids being too high to allow for the treatment of such Effluent. When Effluent purchased from Hyperion is of poor quality, water that would normally be sold to WRD is diverted to the Title 22 Recycled Water treatment process, which permits the use of lower quality water.

Title 22 Recycled Water is further treated at satellite treatment plants serving the Chevron Refinery in El Segundo (the "Chevron Nitrification Treatment Plant"), the Torrance Refinery in Torrance (the "Torrance Refinery Water Recycling Plant") and the Marathon Refinery in Carson (the "Juanita Millender-McDonald Carson Regional Water Recycling Plant").

On July 11, 2021, Hyperion, which is operated by the Los Angeles Sanitation and Environment ("LASAN"), experienced a raw sewage overflow event that flooded the plant site and caused discharges of untreated sewage into the Santa Monica Bay. LASAN assessed the damage to the Hyperion facilities and has worked to return treatment processes back to normal operations. As a result of the Hyperion flooding incident, the quality of the effluent water used for West Basin's recycled water program was significantly impaired. In response, West Basin had to implement several measures to contain the effluent water quality impact on West Basin's treatment processes, reduce recycled water production, and use potable water to maintain water delivery to West Basin customers. The additional costs of implementing these measures have been estimated at approximately $13.1 million through September 30, 2021. West Basin projects the cost impact of the event to increase before West Basin is able to resume normal treatment of Effluent from Hyperion.

The Chevron Nitrification Treatment Plant was completed in 1995 and Chevron has been purchasing recycled water since May 1995.

The Torrance Refinery Water Recycling Plant has two different treatment processes. The first, completed in 1995, removes ammonia to enhance the water quality for use in the refinery cooling towers. The second treatment process, completed in 1998, desalinates the recycled water for use in the refinery boilers.

The Juanita Millender-McDonald Carson Regional Water Recycling Plant, completed in 1999, has two different treatment processes. The first process removes ammonia. The second process desalinates the recycled water. The product from the two processes are blended and used in the refinery cooling towers.

Sale of Desalter. Since 1993, West Basin owned and operated a 1.5 million gallon per day ("mgd") desalter (the "Desalter") in Torrance, California. Water produced at the Desalter was sold by West Basin to California Water Service Company – Dominguez Division ("Dominguez"), which is the retail water provider for portions of the City of Carson and the City of Torrance. In October 2021, West Basin entered into an agreement with WRD for the sale of the extraction well located at the Desalter site for the purchase price of $1,500,000. West Basin expects the sale of the Desalter to be completed prior to the end of Fiscal Year 2022. Pursuant to the terms of the agreement with WRD, West Basin is responsible for the demolition of the structures on the Desalter site that are not being acquired by WRD. Following the sale, West Basin will no longer have an interest in the Desalter or its operations.

Historical Imported Water and Groundwater Usage

West Basin records the volume of imported water purchased by West Basin from MWD and sold to the retail agencies and to WRD for injection in the Barrier as well as the volume of groundwater pumped by the retail agencies from the West Coast Groundwater Basin (the "West Coast Basin"). Wholesale purchases of

MWD water from West Basin by retail agencies and WRD and groundwater pumping by retail agencies within the West Coast Basin vary significantly from year to year, reflecting weather conditions, pricing and other factors outside of West Basin's direct control. The adjudicated groundwater pumping limit from the West Coast Basin (which comprises an area larger than West Basin's service area) is approximately 64,000 acre feet and retail agencies within the West Coast Basin have pumped an average of approximately 29,637 acre feet of groundwater over the last three years. Because of operational constraints and other challenges to increasing groundwater pumping capacity, West Basin does not expect the amount of groundwater pumped by retail agencies within West Basin's service area to increase significantly in future years.

The following table presents a summary of historical MWD imported water purchases by the retail agencies and WRD through West Basin, desalted water sold to Dominguez by West Basin, recycled water sold to the retail agencies by West Basin and groundwater pumped by retail agencies from the West Coast Basin for the last five Fiscal Years.

HISTORICAL WATER PURCHASES AND GROUNDWATER PUMPED BY WEST BASIN'S CUSTOMERS FROM WEST COAST BASIN (IN ACRE FEET PER YEAR)

Fiscal Year (Ending June 30)	*MWD Non-Interruptible*	*MWD Seawater Barrier*[(1)]	*West Basin Desalted Water*	*West Basin Recycled Water*[(2)]	*Total Water Purchased from West Basin*	*Retail Agency Groundwater*[(3)]	*Total*
2021	103,955[(4)]	5,138	362[(5)]	33,920[(6)]	143,375	32,676	176,051
2020	105,684[(7)]	6,950	124[(5)]	34,340	147,098	28,667	176,765
2019	108,365	8,674	238[(5)]	33,192[(8)]	150,469	27,569	178,038
2018	106,601	7,740	50[(5)]	37,060	151,451	33,917	185,368
2017	103,333[(9)]	6,563	284[(5)]	36,330	146,510	27,642	174,152

(1) Reflects potable water sales to WRD for injection into both the West Coast and Dominguez Gap Barriers. Saltwater Barrier sales are affected by fluctuations in recycled water sales and repairs performed by Los Angeles County.
(2) Includes sales to WRD for injection into the Barrier. See the caption "—Water Operations—Recycled Water System."
(3) West Basin does not realize any revenues from groundwater pumping within the boundaries of West Basin by retail water suppliers.
(4) Decrease in MWD Non-Interruptible potable sales in Fiscal Year 2021 was largely due to customers pumping more groundwater.
(5) Reduction in purchases of desalted water attributable to Desalter operations being shut down during portions of Fiscal Years 2017 through 2021 due to major rehabilitation.
(6) Decrease in Fiscal Year 2021 attributable to reduced demand for groundwater replenishment water due to the temporary closure of certain of the County's wells in March 2021 for a year-long rehabilitation of such wells.
(7) Decrease in MWD non-interruptible potable sales in Fiscal Year 2020 was due to a customer in the service area expanding its use of a groundwater well and more significant rainfall in spring 2020.
(8) Decrease in Fiscal Year 2019 was due to the major repair work that was done by the Los Angeles County Sanitation District that interrupted sales to the Barrier.
(9) Reduced MWD non-interruptible purchases reflect mandated conservation. See the caption "Drought in California."
Source: West Basin.

Historical Treated Water Sales by Customer

The following table presents a summary of all historical water sales by West Basin to each retail agency, the City of Torrance, DWP and WRD for the last five Fiscal Years.

WEST BASIN MUNICIPAL WATER DISTRICT
HISTORICAL TREATED WATER SALES TO CUSTOMERS[(1)]
(IN ACRE FEET)

	Fiscal Year 2021	***Fiscal Year 2020***	***Fiscal Year 2019***	***Fiscal Year 2018***	***Fiscal Year 2017***
California American Water	1,004	1,696	1,426	1,397	428
California Water Service	59,974	59,581	60,213	60,431	58,216
El Segundo, City of	14,952	14,953	17,078	16,335	16,482
Inglewood, City of	7,094	6,205	8,261	8,117	7,127
Lomita, City of	2,093	2,004	1,520	1,416	1,549
Manhattan Beach, City of	5,135	4,868	4,794	4,788	4,582
Torrance, City of	5,447	5,424	5,887	6,685	5,037
Golden State Water Company	21,909	23,607	24,211	21,830	24,272
LA Co. Public Works 29-58	8,753	7,856	7,839	8,809	8,414
DWP	882	870	829	855	825
WRD	16,132	20,034	18,412	20,788	19,577
Totals	**143,375**	**147,098**	**150,470**	**151,451**	**146,509**

(1) Reflects the combined total of non-interruptible and seawater Barrier recycled water and desalter sales within and outside West Basin.
Source: West Basin.

Historical Recycled Water Sales

Recycled water accounts and sales for the last five Fiscal Years, identified by the four largest purchasers and others, are set forth below:

WEST BASIN MUNICIPAL WATER DISTRICT
ANNUAL RECYCLED WATER SALES
(IN ACRE FEET)

Fiscal Year (Ending June 30)	***Number of Accounts[(1)]***	***City of El Segundo (Chevron Refinery)***	***City of Torrance (Torrance Refinery)***	***City of Carson (Marathon Refinery)***	***WRD***	***Other***	***Total***
2021	468	8,737	5,098	4,487	10,995[(2)]	4,604	33,921
2020	446	8,006[(3)]	5,128[(3)]	4,014[(3)]	13,084	4,108	34,340
2019	434	9,061	5,532	4,803	9,738[(2)]	4,059	33,192
2018	475	8,454	6,231	4,751	13,047	4,577	37,060
2017	436	8,978	4,725	5,571	13,014	4,043	36,330

(1) Figures in this column are not in acre feet.
(2) Sales decreased in Fiscal Years 2019 and 2021 due to repair work done by Los Angeles County Sanitation District that impacted the Barrier.
(3) In Fiscal Year 2020, sales to all refineries decreased due to a combination of poor water quality during the first two quarters and the impact of COVID-19 on travel during the fourth quarter of the Fiscal Year and its effect on refinery demand.
Source: West Basin.

Approximately 55% of Fiscal Year 2021 recycled water revenues were received from the Chevron Refinery, the Torrance Refining Company, LLC and the Marathon Refinery and approximately 29% of Fiscal Year 2021 recycled water revenues were received from WRD. Reduction of recycled water purchases by any or all of these four customers would have a material adverse impact on receipt of recycled water revenues.

Historical Desalted Water Sales

Desalted water sales totaled 284 acre feet in Fiscal Year 2017, 50 acre feet in Fiscal Year 2018, 238 acre feet in Fiscal Year 2019, 124 acre feet in Fiscal Year 2020 and 362 acre feet in Fiscal Year 2021. In October 2021, West Basin entered into an agreement to sell its interest in the Desalter. Following the sale, West Basin will no longer have an interest in the Desalter. See the caption "—Water Operations-*Sale of Desalter*."

Drought in California

Governor's Executive Orders Relating to the Drought. Hydrological conditions in California can vary widely, both in location and from year to year. In 2013, much of California experienced one of the driest years on record, and dry conditions continued through January 2014. Due to these sustained record-dry conditions, Governor Edmund G. Brown proclaimed a drought emergency on January 17, 2014.

On April 1, 2015, Governor Brown issued an executive order (the "2015 Executive Order") mandating, among other provisions, a 25% reduction in potable urban water usage in California (as compared to potable water usage in 2013) through February 28, 2016. On February 2, 2016, the reductions mandated by the 2015 Executive Order were extended through October 31, 2016. In connection with such extension, the general framework of the regulations implementing the 2015 Executive Order were left intact, however, urban water suppliers are now provided credits and adjustments based on climate and recognition of significant investments made to create local, drought-resilient sources of potable water.

On May 9, 2016, the Governor issued an executive order directing the SWRCB to adjust and extend the SWRCB's emergency water conservation regulations through the end of January 2017 (the "2016 Executive Order"). On May 18, 2016 and in accordance with the 2016 Executive Order, the SWRCB adopted an emergency water conservation regulation (the "2016 SWRCB Regulation") that replaced its February 2, 2016 emergency regulation and extends through January 31, 2017. The 2016 SWRCB Regulation required urban water suppliers, including retail water agencies within West Basin, to develop conservation standards based upon each urban water supplier's specific circumstances and replaces the prior percentage reduction-based standard described above. On February 8, 2017, the SWRCB modified and extended the emergency water conservation regulation for another 270 days.

On April 7, 2017, the Governor issued an executive order (the "2017 Executive Order") which terminated the 2015 Executive Order. The 2017 Executive Order required DWR and the SWRCB to develop standards for urban water suppliers to set water use efficiency targets and restrict wasteful water use, as provided in the 2016 Executive Order. California's five-year drought ended in 2017 in one of the wettest winters on record.

While the 2016 SWRCB Regulation does not require West Basin, as a wholesaler, to develop a conservation standard, West Basin was required to calculate the volume of water it expects it would deliver to each urban water supplier in the next three years under the assumptions set forth in the 2016 SWRCB Regulation and to post this calculation and the underlying analysis on a publicly-available webpage no later than June 15, 2016. On June 15, 2016, West Basin posted the report required by the 2016 SWRCB Regulation to West Basin's website, and updated such report on June 27, 2016 in response to information set forth in a June 22, 2016 memorandum issued by the SWRCB to clarify questions regarding the underlying analysis for reports required by the 2016 SWRCB Regulation.

In May 2018, the Governor signed Senate Bill 606 and Assembly Bill 1668 into law to establish State-wide water efficiency standards. These two pieces of new legislation are intended to increase water conservation as compared to the State's existing 20% reduction by December 31, 2020 water conservation target along with several additional metrics to be established by both retail and wholesale agencies. Such legislation will authorize the SWRCB to adopt water use variances to account for climate and local conditions. Long-term water use efficiency targets will be intended to be customized to the unique conditions of each retail water agency with a goal to establish specific targets that will generate increased conservation. The standards will be strengthened to include: indoor residential per capita water use; outdoor irrigation incorporating new satellite imagery data; commercial water use; and water loss through leaks.

Beginning in April 2021, Governor Newsom signed a series of proclamations, determining that certain counties in the State were in a state of emergency due to drought conditions affecting such areas. On July 8, 2021, Governor Newsom signed Executive Order N-10-21, which asks citizens of the State to voluntarily reduce their water use by 15% compared to 2020 levels. On October 19, 2021, Governor Newsom expanded the drought proclamation to cover all counties in the State.

On January 4, 2022, the SWRCB adopted emergency regulations (the "2022 Emergency Regulations") to prohibit the use of potable water for certain specified purposes, including washing hard surfaces, such as sidewalks and driveways, using it in decorative fountains or lakes, street cleaning, washing motor vehicles with a hose that does not have a shut-off nozzle, irrigating landscapes within 48 hours of rainfall in excess of a certain amount, among other uses. The 2022 Emergency Regulations also prohibit homeowners' associations and local governments from enforcing certain guidelines, policies or ordinances, as the case may be, that could result in the unreasonable use of potable water and undermine the water conservation objectives underlying the 2022 Emergency Regulations. Violations of the 2022 Emergency Regulations are punishable by a fine of up to five hundred dollars for each day in which the violation occurs. The 2022 Emergency Regulations are expected to take effect by the end of January 2022 and will remain in effect for one-year following the effective date unless the SWRCB determines that the 2022 Emergency Regulations are no longer necessary or the SWRCB determines to renew the 2022 Emergency Regulations due to continued drought conditions.

West Basin. West Basin has adopted a Water Shortage Contingency Plan (the "Contingency Plan") that provides West Basin with a flexible set of response actions to address future water shortages, including enhanced outreach and education, increased coordination with local water agencies, and implementation of new water efficiency programs. The Contingency Plan includes six standard water shortage levels, corresponding to increasingly severe shortage conditions as compared to normal reliability conditions. Each level aligns with specific response actions that West Basin can implement to address and resolve any current or expected supply-demand gaps created by the associated shortage.

On July 26, 2021, the Board activated Shortage Level 1 of the Contingency Plan, representing a 0-10% water shortage, pursuant to which the Board authorized implementation of a district-wide drought communications plan in order to support voluntary water use reductions within West Basin's service area.

On November 22, 2021, the Board activated Shortage Level 3 of the Contingency Plan, representing a 20-30% water shortage, pursuant to which the Board resolved to coordinate with various stakeholders to raise drought awareness and the need to reduce water use. The Board also resolved to continue to develop and implement new and expanded water efficiency programs that support long-term water use reductions in the residential, municipal and commercial sectors.

A reduction in water sales may adversely affect West Basin's projected operating results set forth under the caption "FINANCIAL INFORMATION OF WEST BASIN–Projected Operating Results and Debt Service Coverage." Notwithstanding potential reduced water sales, West Basin is obligated under the Indenture to set rates and charges which are reasonably expected to provide Revenues at least to 1.15 times the sum of all Debt Service due in each Fiscal Year as more particularly described under the caption "SECURITY FOR THE 2022A BONDS—Rate Covenant."

Water System Rates and Charges

General. West Basin is not subject by statute to the jurisdiction of, or regulation by, the California Public Utilities Commission or any other regulatory body. The West Basin staff annually determines, at the direction of the Board, the adequacy of West Basin water charge structure after full consideration of expected operations, maintenance and capital costs. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218" in the forepart of this Official Statement for certain constitutional provisions which may affect West Basin's ability to raise rates and charges.

Reliability Service Charges. MWD supplies imported water to West Basin on a firm or non-interruptible basis (primarily for domestic and industrial purposes). In connection with delivery of MWD water to West Basin customers, West Basin charges a reliability service charge. The reliability service charge is $245 per acre foot for Fiscal Year 2022.

In addition to the reliability service charge charged by West Basin, MWD assesses a fixed fee on all MWD constituent agencies, including West Basin, called a "Readiness-to-Serve" charge (the "RTS Charge") based on a rolling 10-year historical imported water purchases. West Basin recovers the MWD RTS Charge from the retail agencies through a per-acre foot water charge collected from the retail agencies.

West Basin's reliability service charge is effective on July 1st of each fiscal year while MWD's water rates and charges are effective January 1st of each calendar year. As such the rates for tier 1 imported water shown below reflect the average MWD rates paid by West Basin for imported water per acre foot, the reliability service charge and the RTS Charge for the indicated fiscal years:

AVERAGE WEST BASIN TIER 1 IMPORTED WATER RATE
FISCAL YEARS 2017 THROUGH 2021(1)

	2017	***2018***	***2019***	***2020***	***2021***
Treated Non-interruptible & Barrier (Tier 1)	$1,301	$1,343	$1,370	$1,395	$1,423

(1) The tier 2 imported water rates for Fiscal Years 2017 through 2021 are not reflected in the above table because West Basin did not sell any tier 2 imported water during such fiscal years.

The table below delineates the Fiscal Year 2022 water rates for West Basin, including the rate paid by West Basin to MWD.

WEST BASIN IMPORTED WATER RATE SUMMARY[(1)]
FISCAL YEAR 2022

	July 1, 2021 to December 31, 2021			
	MWD[(2)]	***Reliability Service Charge***	***RTS***	***Total***
Treated Non-Interruptible & Barrier (Tier 1)	$1,104	$245	$100	$1,449
Treated Non-Interruptible & Barrier (Tier 2)	1,146	245	100	1,491
	January 1, 2022 to June 30, 2022			
	MWD[(3)]	***Reliability Service Charge***	***RTS***	***Total***
Treated Non-Interruptible & Barrier (Tier 1)	$1,143	$245	$100	$1,488
Treated Non-Interruptible & Barrier (Tier 2)	1,185	245	100	1,530

(1) The Board approves the water rates and charges for a fiscal year by resolution. The West Basin Tier 1 and Tier 2 rates for imported water reflected in such resolution are based on the total of the three components (the rates charged by MWD, the reliability service charge and the RTS Charge). The Board adopted the resolution approving the water rates and charges for Fiscal Year 2022 on May 24, 2021. See the caption "—Budget Process."
(2) Reflects MWD rates effective January 1, 2021 to December 31, 2021.
(3) Reflects MWD rates effective January 1, 2022 to December 31, 2022.
Source: West Basin.

MWD currently projects that rates for treated water will increase in each of the next four Fiscal Years as shown in the following table.

PROJECTED MWD WATER RATES
(PER ACRE FOOT)

	Non-Interruptible		
Effective Date[(1)]	***Tier 1***	***Tier 2***	***MWD RTS Charge Non-Interruptible Services***[(2)]
January 1, 2022	$1,143	1,185	$100
January 1, 2023	1,200	1,239	106
January 1, 2024	1,260	1,299	106
January 1, 2025	1,310	1,349	106
January 1, 2026	1,349	1,388	106

(1) The water rates described above as effective January 1, 2022 have been adopted by MWD's Board. The water rates described above as effective January 1, 2023, January 1, 2024, January 1, 2025 and January 1, 2026 are rates that are projected but that have not been approved by MWD's Board.
(2) Reflects adopted rate for year beginning January 1, 2022 and West Basin estimate for future years. MWD has not provided the projected RTS Charge for future years.
Source: West Basin.

West Basin's current policy is to pass through all MWD rate increases to the retail water suppliers taking delivery of such water.

Because the largest single component of treated water rates is the cost of water purchased from MWD, West Basin has adjusted and expects to adjust treated water rates to customers of West Basin as the cost of treated water purchased from MWD changes.

Fixed Service Charge. In Fiscal Year 2019, West Basin introduced a fixed service charge (the "Fixed Service Charge") to its imported water customers that recurs on a regular basis regardless of the volume of water delivered to recover certain budgeted program costs. The annual Fixed Service Charge is set by West Basin and is allocated based on each customer's three-year historical average of imported water deliveries. The Fixed Service Charge is paid monthly by each customer. The Fixed Service Charge is being phased in by West Basin over a three-year period, with Fiscal Year 2021 being the final year of such phase-in period. The Fixed Service Charge was $7,459,131 in Fiscal Year 2021 and is $6,572,329 in Fiscal Year 2022.

Desalted Water Rates. West Basin currently charges California Water Service, Dominguez the effective MWD non-interruptible rate per acre foot for desalted water. Currently, such rate is $1,488. West Basin has determined to discontinue West Basin's involvement with the Desalter and expects to complete the sale of the extraction well located on the Desalter site to WRD prior to the end of Fiscal Year 2022. While the Board adopted rates for desalted water for Fiscal Year 2022, West Basin did not budget for any sales of desalted water and, as of the date of this Official Statement, has not sold any desalted water to California Water Service, Dominguez. See the caption "Water Operations – *Sale of the Desalter*."

Recycled Water Rates. West Basin currently charges Title 22 Recycled Water users on a declining block rate structure. In addition to Title 22 Recycled Water rates, West Basin sets rates for other, more highly treated recycled water as set forth below. West Basin receives a payment from MWD of $250 per acre foot of recycled water sold up to 6,587 acre feet per year. The rebate is currently scheduled to expire in 2037. See the caption "—MWD Rebate" below.

Recycled water rates per acre foot for the five most recent Fiscal Years are as follows:

	2017	***2018***	***2019***	***2020***	***2021***
Title 22 Recycled Water - Within West Basin including sales to Chevron Nitrification	$1,049	$1,105	$1,131	$1,666	$1,235
Title 22 Recycled Water - DWP	1,091	1,147	1,173	1,208	1,277
Title 22 Recycled Water - Torrance	1,091	1,147	1,173	1,208	1,277
Nitrified – Torrance[(1)]					1,001
Barrier	777	836	896	961	1,031
Single Pass RO (Chevron)	1,297	1,333	816	735	772
Single Pass RO (Juanita Millender-McDonald Carson Regional Water Recycling Plant)	1,297	1,333	1,379	1,414	1,483
Double Pass RO (Chevron)	1,653	1,689	1,039	856	893
Nitrified (Juanita Millender-McDonald Carson Regional Water Recycling Plant)	1,049	1,085	1,131	1,166	1,235

(1) Stand-alone rate for Nitrified-Torrance was implemented as of March 1, 2021.
Source: West Basin.

Recycled Water rates for Fiscal Year 2022 are as follows:

	2022
Title 22 Recycled Water - Within West Basin	$ 1,274(1)
Title 22 Recycled Water - DWP	1,316(1)
Title 22 Recycled Water - Torrance	1,316(1)
Nitrified – Torrance(2)	1,065
Barrier	1,104
Chevron Low Pressure/Single-Pass Boiler Feed	817
Single Pass RO (Juanita Millender-McDonald Carson Regional Water Recycling Plant)	1,522
Chevron High-Pressure/Double Pass Boiler Feed	933
Nitrified (Juanita Millender-McDonald Carson Regional Water Recycling Plant)	1,274

(1) Reflects average rate charged.
(2) Stand-alone rate for Nitrified-Torrance was implemented as of March 1, 2021.
Source: West Basin.

The Treatment Plant has produced an average of approximately 11,976 acre-feet of Barrier treated water per year over the past five fiscal years, and an average of approximately 40 acre feet per year to the power generation facility operated by NRG Energy over the past five fiscal years. Pursuant to West Basin's 2017 agreement with WRD, WRD has the right to purchase up to 17,000 acre feet of Barrier treated water per year for purposes of injection into the Barrier. The recycled water agreement with WRD expires, without any further action of either party, on April 1, 2037.

For planning purposes, West Basin projects recycled water rate increases for Title 22 Recycled Water sales, the Torrance Boiler Feed water, and sales to Marathon to approximate the dollar increase of non-interruptible sales in the current and each of the next four Fiscal Years. Actual West Basin rates for Title 22 Recycled Water may vary significantly depending on the actual quantities of recycled water sold and the costs associated with producing recycled water. For the agreement with Chevron for the Chevron Refinery Boiler Feed water, the increase is calculated based on a rolling three-year average of actual unit costs.

Recycled Water Fixed Payments

Torrance Refining Company Fixed Payments. Pursuant to an agreement entered into by and among West Basin, Torrance Refining Company, LLC, as assignee of PBF Holding Company, LLC, which was an assignee of Exxon Mobil Oil Corporation ("TORC"), and the City of Torrance (the "Original PBF Agreement"), West Basin had agreed to wholesale recycled water to the City of Torrance for resale by the City of Torrance to TORC, subject to the terms and conditions set forth therein. TORC was obligated to make certain fixed payments to the City of Torrance and the City of Torrance was obligated to make certain fixed payments to West Basin (the "TORC Fixed Payment") to defray a portion of the capital costs of the construction of the TORC Satellite Treatment Plant. The same fixed payment arrangement was in place for a portion of capital costs that West Basin had and will incur for repair, update and maintenance of offsite facilities constructed by West Basin. In addition, West Basin charged to the City of Torrance and the City of Torrance charged to TORC the West Basin recycled water rate for recycled water purchased by TORC. The Original PBF Agreement terminated on February 28, 2021.

West Basin, TORC and the City of Torrance entered into a new agreement with an effective date of March 1, 2021 (the "New TORC Agreement"). The majority of the terms of the New TORC Agreement are the same as the terms of the Original PBF Agreement, except that under the New TORC Agreement, TORC is no longer obligated to make the TORC Fixed Payments (although TORC remains obligated to make fixed payments to the City of Torrance and the City of Torrance is obligated to make payments to West Basin for a portion of capital costs that West Basin has and will incur for repair, update and maintenance of the offsite facilities constructed by West Basin). The New TORC Agreement also continues to allow West Basin to charge the City of Torrance and the City of Torrance is allowed to charge TORC the West Basin recycled water rate for recycled water purchased by TORC. The New TORC Agreement contains a variety of provisions relating to operational and water quality guarantees by West Basin, pricing policy and termination events. As a result, there can be no assurance that any fixed payments will be received by West Basin in any particular year. The New TORC Agreement is scheduled to terminate in August 2023. Pursuant to terms of the New TORC Agreement, West Basin has agreed to transfer ownership of the TORC Satellite Treatment Plant to TORC under certain terms and conditions. The transfer is expected to occur by West Basin prior to the termination date of the New TORC Agreement.

Under certain circumstances, TORC would be required to prepay to the City of Torrance and the City of Torrance would be required to prepay all remaining West Basin capital costs relating to the offsite facilities constructed by West Basin in the event that the New TORC Agreement is terminated. In those cases where TORC would not be required to make such prepayment, West Basin could be required to increase rates and charges to other customers or reduce expenditures in order to pay principal of and interest on the 2022A Bonds and to comply with its obligations under the Indenture. The ability of West Basin to raise rates and charges or reduce expenses will depend upon the law, facts and circumstances at the time. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES" in the forepart of this Official Statement for certain constitutional provisions which may affect the ability of West Basin to raise rates and charges.

Chevron Fixed Payments. Under West Basin's current recycled water rate policy, West Basin charges the City of El Segundo a fixed monthly charge for making recycled water available to the City of El Segundo for the sale of nitrified water to Chevron. Such availability charge is incurred regardless of whether the City of El Segundo purchases recycled water from West Basin for resale to Chevron. In addition, West Basin charges the City of El Segundo the regular West Basin recycled water rate for recycled water purchased by the City of El Segundo for resale to Chevron. West Basin's agreement with Chevron is scheduled to terminate in August 2024. Neither the City of El Segundo nor Chevron are contractually obligated to make such fixed monthly payment and there can be no assurance that if Chevron reduces or suspends recycled water purchases from the City of El Segundo or fails to pay the fixed monthly charge that the City of El Segundo will continue to pay to West Basin such fixed monthly charge. If all or a portion of such fixed monthly charge is not paid, West Basin could be required to increase rates and charges to other customers or reduce expenditures in order to pay principal of and interest on the 2022A Bonds and to comply with its obligations under the Indenture. The ability of West Basin to raise rates and charges or to reduce expenses will depend upon the law, facts and circumstances at the time. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES" in the forepart of this Official Statement for certain constitutional provisions which may affect the ability of West Basin to raise rates and charges.

1997 TORC Agreement. Pursuant to the terms of an agreement (the "1997 TORC Agreement") with TORC for the sale of boiler feed water, West Basin made certain operational guaranties, agreed to certain pricing policies and is subject to termination events which are similar to those set forth in the TORC Agreement. The 1997 TORC Agreement is scheduled to terminate in August 2023. The fixed payment obligation of TORC under the 1997 TORC Agreement is not a "take-or-pay" obligation of TORC and there is no assurance that a fixed payment will be received by West Basin in any year. In addition, the 1997 TORC Agreement includes provisions that allow TORC, under circumstances similar to those set forth in the New TORC Agreement, to terminate such agreement prior to West Basin receiving the capital costs that West Basin has incurred for the repair, update and maintenance of certain facilities constructed by West Basin. Under such circumstance, West Basin could be required to increase rates and charges to other customers or reduce expenditures in order to pay principal of and interest on the 2021A Bonds and to comply with its obligations under the Indenture. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES" in the forepart of this Official Statement for certain constitutional provisions which may affect the ability of West Basin to raise rates and charges.

Marathon Refinery Fixed Payment. Pursuant to the terms of an agreement with Marathon, as assignee of Tesoro (the "Marathon Agreement"), West Basin made certain operational guaranties, agreed to certain pricing policies and is subject to certain termination events. The Marathon Agreement is scheduled to terminate in January 2025. The fixed payment obligation of Marathon under the Tesoro Agreement is not a "take-or-pay" obligation of Marathon and there is no assurance that a fixed payment will be received by West Basin in any year. In addition, the Marathon Agreement includes provisions that allow Marathon, under certain circumstances, to terminate such agreement without prepaying all remaining fixed payments. Under such circumstance, West Basin could be required to increase rates and charges to other customers or reduce expenditures in order to pay principal of and interest on the 2022A Bonds and to comply with its obligations under the Indenture. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES" in the forepart of this Official Statement for certain constitutional provisions which may affect the ability of West Basin to raise rates and charges.

1999 Chevron Agreement. Pursuant to the terms of an agreement (the "1999 Chevron Agreement") with Chevron for the sale of boiler feed water, West Basin made certain operational guaranties, agreed to certain pricing policies and is subject to certain termination events. The 1999 Chevron Agreement is scheduled to terminate in September 2027. The fixed payment obligation of Chevron under the 1999 Chevron Agreement is not a "take-or-pay" obligation of Chevron and there is no assurance that a fixed payment will be received by West Basin in any year. In addition, the 1999 Chevron Agreement includes provisions that allow Chevron, under certain circumstances, to terminate such agreement without prepaying all remaining fixed payments. Under such circumstance, West Basin could be required to increase rates and charges to other customers or reduce expenditures in order to pay principal of and interest on the 2022A Bonds and to comply with its obligations under the Indenture. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES" in the forepart of this Official Statement for certain constitutional provisions which may affect the ability of West Basin to raise rates and charges.

Standby Charges

General. West Basin is currently exercising its statutory authority to impose a standby charge (the "Standby Charges") on all assessable parcels in West Basin. Although West Basin is required to set the Standby Charges annually after a public hearing, there is no additional statutory protest procedure, referendum requirement or similar procedure applicable to imposition of the per parcel standby charge unless West Basin changes the amount of the charge. West Basin has agreed to reduce the Standby Charges currently in place over the next eight Fiscal Years and will terminate the Standby Charges in full by June 30, 2030. See the caption "-Standby Charge Settlement" below.

West Basin has implemented a variable charge to reflect the benefit associated with different types of water users. On May 24, 2021, the Board approved the following Standby Charges for Fiscal Year 2022:

Non-Residential — $120 per parcel or acre;
Single Family or Duplex Residential — $24 per parcel or acre; and
Multi Unit Residential — $16 per unit.

Standby Charges are collected on the County tax roll on which general taxes on real property are collected. Certain counties in the State operate under a statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"). Under the Teeter Plan, local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the county. The County has not adopted the Teeter Plan, and consequently the Teeter Plan is not available to local taxing entities within the County, such as West Basin. West Basin's receipt of Standby Charges is dependent upon actual collections of the property taxes by the County. Consequently, West Basin is exposed to the effect of delinquencies in collections of property taxes but will receive interest and penalties on delinquent property taxes when such taxes are paid. West Basin reports that there have been no significant delinquencies in Standby Charges in the last five years.

Standby Charge Settlement. In 2017, a class action complaint was filed in the Los Angeles Superior Court that alleged that West Basin's Standby Charges violated certain sections of the California Constitution and the California Government Code. Following mediation and other negotiations, West Basin and the plaintiffs agreed to enter into a Settlement Agreement and Release (the "Settlement Agreement") in October 2020 pursuant to which West Basin agreed, among other things, to reduce the Standby Charge from the Fiscal Year 2020 rate over the next eight Fiscal Years and to terminate the Standby Charge by not later than June 30, 2029. On April 12, 2021, the court ordered, among other things, that the parties make certain amendments to the Settlement Agreement and that the amended Settlement Agreement be filed with the court by May 14, 2021, which was subsequently extended to May 31, 2021. On May 28, 2021, the parties filed an amended Settlement Agreement with the court. On November 22, 2021, the court preliminarily approved the amended Settlement Agreement, and the court has scheduled a fairness hearing for March 15, 2022 to decide whether to approve the amended Settlement Agreement. On November 29, 2021, the settlement administrator provided notice to the class. Members of the class have until February 15, 2022 to notify the settlement administrator whether it has determined to opt out of the class. As of January 20, 2022, the settlement administrator had received 106 claims. Nine individuals have elected to opt out of the class.

As described below, under the terms of the amended Settlement Agreement, the reductions in the Standby Charges will occur over eight fiscal years beginning in Fiscal Year 2023 and, if approved, reductions will be based on the rates adopted for Fiscal Year 2022, with the Standby Charge being terminated by not later than June 30, 2030. In addition, West Basin has agreed to contribute $1 million to a fund to be established to pay claims made by former payors of the Standby Charge who are no longer real property owners in West Basin's service area on the date that the court grants preliminary approval of the amended Settlement Agreement.

If the terms of the amended Settlement Agreement are approved by the court, then under the Settlement Agreement, with respect to all real property located within West Basin's service area except for West Hollywood, West Basin would be required to (i) in Fiscal Year 2023, reduce the Standby Charges by at least 30% from Fiscal Year 2022 Standby Charges, (ii) in Fiscal Years 2024 and 2025, reduce the Standby Charges by at least 40% from the Fiscal Year 2022 Standby Charges, (iii) in each Fiscal Year from Fiscal Year 2026 through 2030, reduce the Standby Charge by at least 20% from the Fiscal Year 2022 Standby Charges, and (iv) terminate the Standby Charges by no later than June 30, 2030.

With respect to real property located within West Basin's service area that is located in West Hollywood, West Basin would be required to (i) in Fiscal Year 2023, reduce the Standby Charges by at least 40% from the Fiscal Year 2022 Standby Charges, (ii) in Fiscal Year 2024, reduce the Standby Charge by at least 60% from the Fiscal Year 2020 Standby Charges, and (iii) terminate the Standby Charge by no later than June 30, 2024.

Under the terms of the amended Settlement Agreement, West Basin would also be required to contribute $1 million to a fund that would be established to pay claims made by class members who are former payors of the Standby Charges who are not real property owners at the time the court enters a preliminary approval order with respect to the amended Settlement Agreement (the "Former Payors"). The costs of providing notice to the Former Payors and administering claims to receive payment from the fund would be deducted from West Basin's $1 million contribution, which costs are estimated to be approximately $100,000.

In addition, West Basin would be required to pay $30,000 to the plaintiffs and $9 million for attorneys' fees, costs and litigation expenses to the plaintiffs' attorneys. The amended Settlement Agreement also identifies estimated direct mail notice and administration expenses in connection with the amended Settlement Agreement (not including costs related to providing notice to Former Payors or administering Former Payor claims) of $143,000, which would be paid by West Basin. West Basin has set aside existing funds for such costs associated with the Standby Charge Settlement.

West Basin cannot predict if the terms of the settlement will be approved by the court or if the Settlement Agreement approved by the court will ultimately reflect the reductions to the Standby Charges described in this subsection. For purposes of projections included in this Official Statement, West Basin's projected operating revenues reflect the reduction, and eventual termination, of the Standby Charges pursuant to the terms of Settlement Agreement described in this subsection. See the caption "—Projected Operating Results and Debt Service Coverage."

Collection Procedures

West Basin is on a monthly billing cycle for MWD imported water, desalted water and recycled water sales to the retail agencies within the boundaries of West Basin and to WRD, the City of Los Angeles and the City of Torrance, sending out bills by the 10th (or the next business day) of the month for the prior month's service. Payment is due by the 10th of the following month and is considered delinquent if not paid by that date. If payment is not received, a 2% penalty charge per month is assessed. West Basin has never been required to stop delivery to a retail agency or WRD to secure payment. Service to the City of Torrance commenced in July 1996. Service to the City of Los Angeles commenced in Fiscal Year 1999.

MWD Rebate

West Basin and MWD have entered into an agreement with respect to the recycled water program where MWD will provide a rebate for up to 6,587 acre feet per year of the actual allowable yield of recycled water delivered to certain end users by West Basin through June 2037. MWD's rebate would be the difference between the cost to produce recycled water and MWD's non-interruptible rate of up to $250 per acre foot. West Basin expects the rebate to be approximately $10,000 in Fiscal Year 2022.

Future Water System Improvements

In response to increasing challenges to the certainty and reliability of Southern California's water supply, West Basin has adopted its Water for Tomorrow Program to addressing the service area's water future. The program aims to protect the West Basin's existing water supply, diversity and augment West Basin's water supply portfolio, and innovate to prepare for the future.

The Juanita Millender-McDonald Carson Regional Water Recycling Plant Phase II Expansion Project (the "Phase II Expansion Project") includes facilities that would increase supply of recycled water to the Marathon Refinery through new customized engineered microfiltration processes, and make up for lost capacity in the existing system. West Basin expects to finance a portion of the Phase II Expansion Project from a draw in the amount of approximately $21 million under the 2016 State Loan. See the caption "—Projected Operating Results and Debt Service Coverage." West Basin also intends to apply proceeds from a grant from the SWRCB to the costs of the project. West Basin is also seeking funding through a partnership with California Water Service Company to fund the Phase II Expansion Project. West Basin projects the costs to finalize design and construct the Phase II Expansion Project to be approximately $21 million. West Basin issued a notice to proceed in summer 2021. West Basin expects the construction of the Phase II Expansion Project to be completed by the end of Fiscal Year 2023. In the event that costs of the Phase II Expansion Project exceed the approximately $23.8 million authorized to be drawn by West Basin under the 2016 State Loan, West Basin expects to finance costs through an increase in the 2016 State Loan amount or with proceeds of additional Bonds or Contracts.

West Basin is in the final design phase of an expansion to West Basin's recycled water distribution system expansion project that would deliver recycled water to Palos Verdes Golf Club in Palos Verdes Estates, as well as six sites within the City of Torrance. The Palos Verdes Recycled Water Pipeline (the "PV Lateral") project would consist of 3.6 miles of transmission pipelines and a booster pump station. The PV Lateral is projected to increase West Basin recycled water sales by approximately 240 acre feet per year once in operation. West Basin estimates the costs of the PV Lateral project to be approximately $10 million over the next two Fiscal Years. Construction activities are expected to begin in spring 2022. Project completion is expected by the middle of calendar year 2023. West Basin is in the process of obtaining a loan from the SWRCB of approximately $6 million under the State of California Clean Water State Revolving Fund program for the purpose of providing funds to finance a portion of the construction of the PV Lateral (the "2022 State Loan"). See the caption "—Projected Operating Results and Debt Service Coverage." West Basin also expects to receive a grant from the California Department of Water Resources under the Proposition 84 Chapter 2 Integrated Regional Water Management Grant Program in the amount of $2,045,537 to pay a portion of the costs of the PV Lateral project.

West Basin had been in the process of exploring the feasibility of constructing an ocean water desalination facility of up to 20 mgd in El Segundo, California (the "Desalination Facility"). In Fiscal Year 2020, West Basin certified the final Environmental Impact Report for the Proposed Desalination Facility and filed a Notice of Determination on November 21, 2019. The Board requested staff to undertake a cost-benefit analysis and develop a permitting plan and West Basin staff presented the results of the cost-benefit analysis to the Board in August 2021. On December 22, 2021, the Board voted to terminate the development of the proposed Desalination Facility. In reaching the determination to terminate the development of the proposed Desalination Facility, West Basin considered the expansion of a water recycling framework toward reuse for drinking water, including groundwater augmentation to replenish groundwater basins with sustainable recycled water, the projected increase in groundwater use locally by retail suppliers, increased water use efficiency standards statewide and sustained reductions in demand for potable water supplies in West Basin's service area since 2000. Instead of pursuing the Desalination Facility, West Basin determined to pursue projects which are expected to enhance regional water management, expand water efficiency programs and increase regional collaboration.

In March 2021, West Basin completed its updated Recycled Water Master Plan (the "Master Plan"). The Master Plan includes a 20-year capital improvement plan that reflects the results of a year-long effort to evaluate new potential recycled water customers, analyze existing and future system capacities/ conditions, and identify the proposed projects that West Basin's stakeholders and nearby agencies could benefit from. The Master Plan updates the 2009 Capital Improvement Master Plan, and provides three alternative scenarios towards increasing water reuse in the region. The scenarios include consideration for groundwater augmentation, increased recycled water supply to the refineries, and/or expansion to agencies and customers who could benefit from a drought-proof supply of recycled water.

West Basin has not determined which scenario, if any, to implement. Based on the guidance in the Master Plan regarding the phasing in of projects based on the availability of funding, West Basin expects to undertake a number of rehabilitation and replacement projects estimated to cost approximately $137 million over the next five years. The Master Plan also suggests a steady and measured increase in irrigation customers over the next 10 years, which may require connection of candidate sites that are within certain proximity of the existing system. Major distribution system expansions could also be implemented with appropriate funding mechanisms and partnerships. See the caption "—Projected Operating Results and Debt Service Coverage."

West Basin expects to finance a portion of the projects described above with proceeds of Commercial Paper Certificates to be issued by West Basin in the amount of $50,000,000. West Basin has not determined the specific projects that will be financed with the proceeds of the Commercial Paper Certificates. The District expects to pay the then-outstanding Commercial Paper Certificates with proceeds of revenue refunding bonds (the "2023 Bonds") expected to be issued in the aggregate principal amount of $30,000,000 in calendar year 2023. The payment of the principal of and interest on the 2023 Bonds is expected to be payable from Net Revenues on a parity with the payment of the principal of and interest on the 2022A Bonds. See the caption "—Projected Operating Results and Debt Service Coverage."

The estimated sources for West Basin's capital improvement plan for the current Fiscal Year and the next four Fiscal Years are set forth in the following table.

WEST BASIN MUNICIPAL WATER DISTRICT
CAPITAL IMPROVEMENT PLAN
FINANCING SOURCES
(Dollars in Millions)[(1)]

Source	***Fiscal Year 2022***	***Fiscal Year 2023***	***Fiscal Year 2024***	***Fiscal Year 2025***	***Fiscal Year 2026***
West Basin (Pay-As-You-Go)	$14.6	$20.4	$18.0	$17.6	$18.8
Debt Proceeds[(2)]	32.6	24.4	30.4	4.1	2.8
External Funding/Grants[(3)]	12.5	4.6	-	-	-
Total	$59.7	$49.4	$48.4	$21.7	$21.6

(1) Totals may not sum due to rounding.
(2) Includes proceeds of Commercial Paper Certificates, the 2016 State Loan and the 2023 Bonds.
(3) Includes grants received from SWRCB and the State and contributions from California Water Service Company and a golf course located in Palos Verdes.
Source: West Basin.

West Basin expects to fund a portion of the capital requirements from proceeds of the Commercial Paper Certificates, the 2016 State Loan, the 2022 State Loan and the 2023 Bonds. See the caption "Water System Financial Information – *Projected Operating Results and Debt Service Coverage*." A portion of West Basin's capital requirements are expected to be funded by external funds provided by contributions from certain of West Basin's customers and grants from public agencies. In the event that the amount of external funding ultimately received by West Basin is less than the amounts identified in the above table, West Basin may be required to increase pay-as-you-go spending to complete certain of the projects included in the capital improvement plan.

West Basin does not currently anticipate undertaking any other major water system improvements. However, West Basin reserves the right to undertake such additional projects as it deems appropriate, including but not limited to the expansion of the recycled water system from time to time and, subject to the requirements of the Indenture, to execute Contracts or issue Bonds with respect thereto.

Projected Water Sales Within West Basin

The following table sets forth projected water sales in the current and next four Fiscal Years:

WEST BASIN MUNICIPAL WATER DISTRICT
PROJECTED WATER SALES
(IN ACRE FEET)

Fiscal Year	*Non-Interruptible*[1]	*Seawater Barrier*[2]	*Recycled Water*[3]	*Total*
2022[4]	101,000	9,700[5]	28,045[6]	138,745
2023	99,800	4,700	38,100	142,600
2024	97,700	4,700	38,200	140,600
2025	96,100	4,700	38,800	139,600
2026	95,100	4,700	38,800	138,600

(1) Assumes an annual increase in groundwater pumping by West Basin customers.
(2) Reflects potable water sales to WRD for injection into the Barrier.
(3) Includes recycled water sales to WRD for injection into the Barrier. See the caption "—Water Operations—Recycled Water System."
(4) Reflects actual results from July 1, 2021 through November 30, 2021 and projected results for the period beginning December 1, 2021 through June 30, 2022.
(5) Increase in seawater barrier sales due to the increased use of potable water resulting from the flooding of Hyperion, as potable water was used instead of recycled water for purposes of barrier injection. See the caption "—Water Operations—Recycled Water System."
(6) Decrease in recycled water sales in Fiscal Year 2021 attributable to increase in sales of potable seawater barrier water due to the flooding of Hyperion. See the caption "—Water Operations—Recycled Water System."
Source: West Basin.

Recycled water sales to WRD for injection into the Barrier have been lower than previously projected for budget purposes due to the poor quality of water purchased by West Basin from Hyperion. When water purchased from Hyperion is of poor quality, water that would normally be sold to WRD is diverted to the Title 22 Recycled Water treatment process, which permits the use of lower quality water.

Projected Water Sales Within and Outside West Basin

West Basin currently projects no significant increase in total West Basin water sales to any retail agency within West Basin through Fiscal Year 2026. The projected water sales reflect a small shift from imported MWD water sales to recycled water sales from West Basin to all retail agencies within West Basin (other than California American Water, the City of Lomita and Los Angeles County Waterworks District 29 58) and to WRD. Minor increases of Title 22 Recycled Water are anticipated as West Basin expands its distribution system and marketing to irrigation customers.

Actual water sales achieved by West Basin during the projection period, including the quantities of each category of water, may vary from those presented above and such variations may be material.

The Chevron Refinery, the Torrance Refinery and the Marathon Refinery (the "Refineries") are projected to account for approximately 68% of all recycled water revenues (not including Standby Charge revenues) in Fiscal Year 2022 and WRD is projected to account for approximately 14% of all recycled water revenues (not including Standby Charge revenues) in Fiscal Year 2022. Cessation of operations of the Refineries, lower than projected recycled water purchases by the Refineries or lower than projected purchases of Barrier recycled water by WRD could have a material adverse effect on West Basin recycled water sales and revenues.

Water System Financial Information

General. West Basin accounts for moneys received and expenses paid in accordance with generally accepted accounting principles applicable to governmental agencies such as West Basin ("GAAP"). West Basin uses an enterprise fund to record its activities. West Basin uses "accrual basis of account," where revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. West Basin distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from producing and delivering water to customers and providing education and conservation services to the community. Revenues not meeting that definition are reported as non-operating. In certain cases GAAP requires or permits moneys collected in one Fiscal Year to be recognized as revenue in a subsequent Fiscal Year and requires or permits expenses paid or incurred in one Fiscal Year to be recognized in a subsequent Fiscal Year. See APPENDIX B — "WEST BASIN MUNICIPAL WATER DISTRICT FINANCIAL STATEMENTS FOR FISCAL YEAR ENDING JUNE 30, 2021, INCLUDING THE AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING." Except as otherwise expressly noted herein, all financial information derived from West Basin's audited financial statement reflect the application of GAAP.

See the Financial Statements attached hereto as Appendix B for a discussion of accounting practices of West Basin.

Financial Statements. A copy of the most recent audited financial statements of West Basin prepared by Rogers, Anderson, Malody, and Scott, LLP, San Bernardino, California (the "Auditor") are included as Appendix A hereto (the "Financial Statements"). The Auditor's letter concludes that the Financial Statements present fairly, in all material respects, the respective financial position of West Basin as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flow thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America. The Financial Statements should be read in their entirety.

The summary operating results set forth under the caption "—Historical Operating Results and Debt Service Coverage" are derived from the Financial Statements (excluding certain non-cash items and including certain other adjustments) and are qualified in their entirety by reference to such statements, including the notes thereto. The Auditor has not reviewed the summary operating results.

In providing a rating on the 2022A Bonds, certain rating agencies may have performed independent calculations of coverage ratios using their own internal formulas and methodology which may not reflect the provisions of the Indenture. See the caption "RATINGS" in the forepart of this Official Statement. West Basin makes no representations as to any such calculations, and such calculations should not be construed as a representation by West Basin as to past or future compliance with any bond covenants, the availability of particular revenues for the payment of Debt Service or for any other purpose.

Historical Operating Results and Debt Service Coverage. The following table is a summary of operating results of West Basin for the last five Fiscal Years for which audited financial statements are available. These results have been derived from West Basin's Financial Statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the Auditor.

WEST BASIN MUNICIPAL WATER DISTRICT
WATER SYSTEM HISTORICAL OPERATING RESULTS
FISCAL YEAR ENDING JUNE 30

	2021	***2020***	***2019***	***2018***	***2017***
Revenues					
Water Sales	$ 164,016,244	$ 161,573,938	$ 162,280,131	$ 155,311,898	$ 145,047,691
Recycled Water Sales	38,645,372	43,428,442	46,518,136	49,444,484	45,401,684
Fixed Payments[(1)]	8,540,530	7,562,454	4,907,582	5,908,694	9,116,933
Desalting Revenue	427,455	144,318	267,873	75,665	280,659
Standby Charges	10,051,886	9,986,787	10,029,508	10,038,300	9,613,891
Interest Earned[(2)]	984,568	1,732,218	1,260,638	1,091,376	602,085
Grants	286,357	441,997	766,096	325,637	5,448
Other Revenues[(3)]	-	390,237	265,831	245,752	4,094,252
Total Revenues	$ 222,952,412	$ 225,260,391	$ 226,295,795	$ 222,441,806	$214,162,643
Expenses					
Water Purchase and Charges[(4)]	$ 131,111,968	$ 131,450,213	$ 132,386,651	$ 125,744,683	$ 118,289,291
Recycled Water Costs	38,031,146	38,950,560	37,575,664	34,828,243	35,651,178
Desalting Operations	934,359	815,763	774,520	475,068	592,014
Water Policy and Conservation	3,908,762	4,415,212	2,784,598	3,256,891	3,001,038
Public Information and Education	3,758,545	3,988,770	2,988,152	3,201,324	2,754,077
Technical Planning	1,977,879	1,309,637	1,342,791	652,512	-
Water Quality Monitoring	25,065	-	-	-	-
Other Expenses	71,975	-	-	-	-
Total Expenses	$ 179,819,698	$ 180,930,155	$ 177,852,376	$ 168,158,722	$ 160,287,598
Net Revenues	$ 43,132,714	$ 44,330,236	$ 48,443,419	$ 54,283,084	$ 53,875,045
Parity Obligations[(5)]					
2021A Bonds	$ 83,881	-	-	-	-
2016A Bonds	10,231,667	$ 10,249,545	$ 9,925,204	$ 6,157,630	$ 4,305,556
2013A Bonds	-	-	-	-	287,300
2012A Bonds	4,388,559	4,390,687	4,390,017	4,389,900	4,386,850
2011B Bonds[(6)]	2,926,733	2,993,250	2,993,250	2,993,250	2,993,250
2011A Bonds[(6)]	5,218,339	5,219,350	5,210,137	5,218,350	4,907,167
2010A Installment Purchase Agreement[(7)]	-	-	-	-	941,154
Swap Agreements[(7)]	415,132	439,193	393,961	663,267	-
Reserve Fund Earnings	(242)	(7,105)	(13,564)	(9,473)	(5,726)
Total Parity Obligations	$ 23,264,069	$ 23,284,920	$ 22,899,005	$ 19,412,924	$ 17,815,551
Parity Obligations Coverage[(8)]	1.85	1.90	2.12	2.80	3.02
Revenues Remaining for Subordinate Obligations	$ 19,868,645	$ 21,045,316	$ 25,544,414	$ 34,870,160	$ 36,059,494
Subordinate Obligations[(5)]					
2008B Bonds		-	342,014	4,119,760	5,773,600
TRANs	$ 176,912	$ 170,740	$ 116,858	$ -	$ -
Total Subordinate Obligations	$ 176,912	$ 170,740	$ 458,871	$ 4,119,760	$ 5,773,600
Subordinate Obligations Coverage[(9)]	112.31	123.26	55.67	8.46	6.25
Cash Available for Other Debt Service, Capital Projects and Other Purposes	$ 19,691,733	$20,874,576[(10)]	$ 25,085,543	$ 30,750,400	$ 30,285,894

(1) Fixed payments represent payments from refineries for the expansion of the system to utilize recycled water as stipulated by the individual customer agreement.
(2) Excludes unrealized gains and losses on investments. In the District's audited financial statements, certain Trustee interest income was incorrectly included in the District's investment income. Such amounts have been excluded from the presentation in this table.
(3) Includes conservation credits, and certain other miscellaneous items.

(Footnotes continued from previous page)

(4) Charges include MWD RTS Charge and capacity charge.

(5) Debt service calculated on an accrual basis.

(6) The 2011A and the 2011B Bonds were refunded with a portion of the proceeds of the 2021A Bonds on June 22, 2021.

(7) For Fiscal Year 2017, regularly scheduled swap payments under 2004A Swap Agreement and a swap agreement that terminated in August 2021 (the "2007A Swap Agreement") were accounted for in the 2010A Installment Purchase Agreement line item. Beginning in Fiscal Year 2018, regularly scheduled swap payments under 2004A Swap Agreement and 2007A Swap Agreement were included as a separate line item due to the prepayment of West Basin's obligations under 2010A Installment Purchase Agreement.

(8) Certain costs associated with the evaluation and design of the Desalination Facility that were previously capitalized are expected to be recognized as expenses in Fiscal Year 2022. See "Management Discussion of Historical Operating Results and Debt Service Coverage" below. Had such costs been recognized as expenses in the year in which such costs were paid, parity obligations coverage would have been 2.76 in Fiscal Year 2017, 2.71 in Fiscal Year 2018, 2.05 in Fiscal Year 2019, 1.85 in Fiscal Year 2020 and 1.81 in Fiscal Year 2021.

(9) Certain costs associated with the evaluation and design of the Desalination Facility that were previously capitalized are expected to be recognized as expenses in Fiscal Year 2022. See "Management Discussion of Historical Operating Results and Debt Service Coverage" below. Had such costs been recognized as expenses in the year in which such costs were paid, subordinate obligations coverage would have been 5.42 in Fiscal Year 2017, 8.04 in Fiscal Year 2018, 52.55 in Fiscal Year 2019, 115.26 in Fiscal Year 2020 and 106.43 in Fiscal Year 2021.

(10) Decreases in the "Cash Available for Other Debt Service, Capital Projects and Other Purposes" from Fiscal Year 2018 to Fiscal Year 2020 attributable to decreases in recycled water sales and increases in recycled water costs. In Fiscal Year 2019, demand related to the West Coast Barrier and the Refineries was lower than prior Fiscal Years. Demand from the Refineries was impacted in Fiscal Year 2020 by economic impact of the COVID-19 pandemic. During this period, recycled water costs increased due to higher costs for chemicals and electricity.

Source: West Basin.

Management Discussion of Historical Operating Results and Debt Service Coverage. During the Fiscal Year 2018, West Basin implemented GASB Statement No. 75 which required West Basin to report the net OPEB liability of West Basin's OPEB plan and was applied retroactively by restating the net position as of the beginning of the Fiscal Year. A prior period adjustment was made to restate the beginning net position to increase the beginning net position by $525,923.

As discussed under the caption "Future Water System Improvements," on December 22, 2021, the Board voted to terminate the development of the Desalination Facility. West Basin, in its audited financial statements, has been capitalizing costs associated with the evaluation and design of the Desalination Facility. In light of the termination of the Desalination Facility, West Basin expects to recognize all or a portion of the previously capitalized costs of the Desalination Facility as an expense or a prior period adjustment, as applicable, in West Basin's audited financial statements for Fiscal Year 2022. Because such action will constitute a non-cash expense in Fiscal Year 2022, such recognition is not projected to have an effect on projected parity obligation coverage for Fiscal Year 2022. If the costs of the Desalination Facility had been recognized as an expense in Fiscal Years 2017 through 2021, parity obligation coverage would have been 2.76 in Fiscal Year 2017, 2.71 in Fiscal Year 2018, 2.05 in Fiscal Year 2019, 1.85 in Fiscal Year 2020 and 1.81 in Fiscal Year 2021. There is, however, no requirement under any outstanding Bonds or Contracts to recalculate parity obligation coverage for purposes of the rate covenant or compliance with conditions to issue additional Bonds or enter into Contracts in the documentation relating to such outstanding Bonds or Contracts.

For further discussion of the Financial Statements for Fiscal Year 2021, see Management's Discussion and Analysis contained within such Financial Statements attached as Appendix B hereto.

Projected Operating Results and Debt Service Coverage. The estimated projected operating results for West Basin for the current and next four Fiscal Years are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents the estimate by West Basin of projected financial results based upon its judgment of the most probable occurrence of certain important future events. The assumptions set forth in the footnotes to the table set forth below are material in the development of such 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.

As described under the caption "—Future Water System Improvements," West Basin is currently studying the feasibility of a number of significant capital improvement projects. In the event that West Basin elects to undertake any of these projects, Revenues, Expenses, Net Revenues, Parity Obligations Debt Service and Parity Obligations Coverage could be materially different than currently projected below. See the caption

"SECURITY FOR THE 2022A BONDS—Additional West Basin Indebtedness" in the forepart of this Official Statement for a description of the circumstances under which West Basin is permitted to issue additional indebtedness and the caption "SECURITY FOR THE 2022A BONDS—Rate Covenant" in the forepart of this Official Statement for a description of West Basin's covenant to set rates and charges in an amount sufficient to provide Net Revenues at least equal to 115% of Debt Service.

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WEST BASIN MUNICIPAL WATER DISTRICT
WATER SYSTEM PROJECTED OPERATING RESULTS
FISCAL YEAR ENDING JUNE 30

	2022[1]	2023	2024	2025	2026
Revenues					
Water Sales[2]	$ 169,886,900	$ 168,551,683	$ 174,527,317	$ 180,518,375	$ 186,574,868
Recycled Water Sales[3]	34,147,000	47,693,406	50,044,889	53,211,815	55,224,703
Fixed Payments[4]	8,308,524	8,308,524	5,848,924	3,457,204	2,211,204
Standby Charges[5]	10,000,000	6,067,616	5,953,064	5,723,960	5,723,960
Interest Earned[6]	843,800	973,800	938,800	938,800	982,800
Other Revenues[7]	2,858,745	259,200	259,200	259,200	259,200
Total Revenues	$ 226,044,969	$ 231,854,229	$ 237,572,195	$ 244,109,354	$ 250,976,736
Expenses					
Water Purchase and Charges[8]	$ 137,127,400	$ 135,748,168	$ 139,362,280	$ 142,960,160	$ 146,139,127
Recycled Water Costs[9]	45,564,040	43,365,678	44,690,853	46,032,547	47,411,829
Desalting Operations[10]	100,000	0	0	0	0
Water Policy[11]	2,061,815	2,149,419	2,213,902	2,280,319	2,348,729
Public Information and Education[12]	4,322,051	4,538,233	4,674,380	4,814,611	4,959,049
Water Use Efficiency[13]	2,447,174	2,520,589	2,596,207	2,674,093	2,754,316
Technical Planning[14]	2,566,503	5,506,503	521,698	537,349	553,470
Water Quality Monitoring[15]	28,775	29,494	30,232	30,988	31,762
Total Expenses	$ 194,217,758	$ 193,858,084	$ 194,089,552	$ 199,330,067	$ 204,198,282
Net Revenues	$ 31,827,211	$ 37,996,145	$ 43,482,643	$ 44,779,287	$ 46,778,454
Parity Obligations					
2016 State Loan[16]	$ -	$ 944,109	$ 944,109	$ 944,109	$ 944,109
2022A Bonds	-	1,191,694	3,581,750	3,577,750	974,250
2021A Bonds	2,237,359	7,295,100	6,924,350	6,909,225	9,679,225
2016A Bonds	10,125,500	10,032,875	10,297,000	10,285,250	10,278,500
2012A Bonds[17]	4,321,375	-	-	-	-
2023 Bonds[18]	-	-	1,920,359	1,920,359	1,920,359
Swap Payments[19]	226,032	216,663	176,479	135,439	92,884
Total Parity Obligations	$ 16,910,266	$ 19,680,441	$ 23,844,047	$ 23,772,132	$ 23,889,327
Parity Obligations Coverage	1.88	1.93	1.82	1.88	1.96
Revenues Remaining for Subordinate Obligations	$ 14,916,945	$ 18,315,704	$ 19,638,596	$ 21,007,155	22,889,127
Subordinate Obligations					
TRANs[20]	$ 164,408	$ 346,052	$ 248,054	$ 268,449	282,571
Subordinate Obligations Coverage	90.73	52.93	79.17	78.25	81.00
Cash Available for Capital Projects and Other Purposes	$ 14,752,537	$ 17,969,652	$ 19,390,542	$ 20,738,706	$ 22,606,556

(1) Reflects Fiscal Year 2022 Budget, adjusted based on actual results as of the end of the first quarter of Fiscal Year 2022.

(2) Based on projected water sales and rates and charges as described under the captions "—Water System Rates and Charges," "—Projected Water Sales Within West Basin" and "—Projected Water Sales Within and Outside West Basin." Projected water rates and charges include $245 surcharge in Fiscal Year 2022 with projected increases in the surcharge equal to between approximately 5 and 10% per annum in Fiscal Years 2023 through 2026. Such increases are subject to the approval of the Board and there can be no assurance that the surcharge will be increased as projected.

(3) Based on projected recycled water sales and rates and charges described under the captions "—Water System Rates and Charges—Recycled Water Rates," "—Projected Water Sales Within West Basin" and "—Projected Water Sales Within and Outside West Basin," and MWD reclaimed water rebate at $250 per acre foot in accordance with the joint participation agreement with MWD. See the caption "—MWD Rebate."

(4) Fixed payments represent payments from refineries for the expansion of system to utilize recycled water as stipulated by the individual customer agreement. In Fiscal Years 2024 and 2025, certain of the agreements with the Refineries are scheduled to expire. West Basin expects to negotiate new agreements prior to the respective expirations; however, the execution of such new agreements has not been assumed for purposes of West Basin's projected Fixed Payments.

(5) Based on current Standby Charges for Fiscal Year 2021 and approved Standby Charges for Fiscal Year 2022. Fiscal Years 2023 through Fiscal Year 2025 reflect the implementation of the amended Settlement Agreement. See the caption "—Standby Charges."

(6) Interest income is projected at an estimated average interest rate of 1.5% per annum on estimated West Basin reserves.

(Footnotes continued from previous page)

[7] Includes West Basin's estimate of MWD's continuing conservation credits program. For Fiscal Year 2022 amount includes $2,376,445 in COVID-19 relief funding from State Controller's Office for State special districts. See the caption "INVESTMENT CONSIDERATIONS – COVID-19 Pandemic" in the front part of this Official Statement.

[8] Cost of water purchases based on projected charges of water purchased from MWD. Includes MWD RTS Charge and MWD Capacity Charge.

[9] Recycled water Operation and Maintenance Costs are estimated to reflect projected increased effluent purchases and other operation and maintenance expenses at approximately 3.0% per annum from Fiscal Year 2021 amount.

[10] Projected desalting Operation and Maintenance Costs for Fiscal year 2022. West Basin has entered into an agreement with DWR to sell the extraction well located at the Desalter site. Following the sale, West Basin will no longer have an interest in the Desalter or its operations. See the caption "—Water Operations-*Sale of Desalter*."

[11] Represents expenses for planning, coordinating and technical support of MWD activities, infrastructure, integrated resource planning and conjunctive use programs, and statewide policy Projected to increase by approximately 3.0% per annum from Fiscal Year 2021 amount.

[12] Represents expenses for outreach and water education programs. Projected to increase by approximately 3.0% per annum from Fiscal Year 2021 amount.

[13] Represents the costs to deliver devices or rebates, education and demonstrate water use efficiencies to service area residents and businesses. Projected to increase by approximately 3.0% per annum from Fiscal Year 2021 amount.

[14] Represent the development of multi-disciplinary and complex evaluations and the delivery of technical and strategic studies associated with West Basin's water portfolio. Projected to increase by approximately 3.0% per annum from Fiscal Year 2021 amount.

[15] Projected to increase by approximately 3.0% per annum from Fiscal Year 2022 amount.

[16] Reflects projected debt service on 2016 State Loan in the assumed principal amount of $21,000,000 at an interest rate of 1.0% per annum, as described under the caption "—Outstanding Indebtedness and Interest Rate Swap Agreement – Parity Obligations."

[17] Reflects the expected refunding of the 2012A Bonds with proceeds of the 2022A Bonds. See "REFUNDING PLAN" in the forepart of this Official Statement.

[18] Reflects projected debt service on 2023 Bonds in the assumed principal amount of $30,000,000 at an interest rate of 4.0% per annum, as described under the caption "—Future Water System Improvements."

[19] Includes regularly scheduled swap payments under 2004A Swap Agreement.

[20] Reflects execution and delivery of TRANs from time to time. Such additional TRANs, if executed and delivered as currently projected, are expected to finance certain capital costs of West Basin. See the caption "—Future Water System Improvements."

Source: West Basin.

APPENDIX B

WEST BASIN MUNICIPAL WATER DISTRICT FINANCIAL STATEMENTS FOR FISCAL YEAR ENDING JUNE 30, 2021, INCLUDING THE AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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2021

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2021

Prepared By:
Finance Department
Margaret Moggia, CPA
Executive Manager of Finance

17140 S Avalon Blvd
Carson, CA 90746

WEST BASIN MUNICIPAL WATER DISTRICT

West Basin Municipal Water District

Annual Comprehensive Financial Report

For the fiscal year ended June 30, 2021
(With comparative totals for prior year)

Prepared by:
Finance Department

17140 S. Avalon Blvd.
Carson, California 90746

West Basin Municipal Water District

Annual Comprehensive Financial Report
For the Year Ended June 30, 2021

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STATISTICAL SECTION (unaudited): (continued)

17140 S. Avalon Blvd.
Carson, CA 90746

310-217-2411
www.westbasin.org

December 9, 2021

TO THE BOARD OF DIRECTORS AND CUSTOMERS OF WEST BASIN MUNICIPAL WATER DISTRICT:

West Basin Municipal Water District (West Basin) staff is pleased to present the Annual Comprehensive Financial Report for the Fiscal Year 2020-2021, which ended June 30, 2021.

The financial report is intended to provide the Board of Directors, West Basin's customers, the public and interested parties with a broad financial outlook of West Basin. This report is also prepared for the purpose of meeting California law requiring special districts to submit an audited annual financial report to the State Controller within seven months after the end of the fiscal year. In addition, bond covenants require West Basin must file a financial report within 270 days after the end of each fiscal year to the Municipal Securities Rulemaking Board website.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to West Basin for its financial report for the fiscal year that ended on June 30, 2020. This was the 14th consecutive year that West Basin has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. West Basin believes our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another annual certificate.

West Basin staff prepared this financial report in conjunction with the Independent Auditors' Report issued by Roger, Anderson, Malody & Scott, LLP, a certified public accounting firm, and they have issued an unmodified (or "clean") opinion on West Basin's financial statements for the year ending on June 30, 2021. The independent auditors' report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative overview and analysis of the basic financial statement. MD&A and the Notes to the Financial Statements complement this letter of transmittal and should be read in conjunction with it.

This report consists of management's representations concerning the finances of West Basin. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report to the best of our knowledge.

ABOUT WEST BASIN MUNICIPAL WATER DISTRICT

West Basin Municipal Water District (West Basin), an innovative and award-winning public agency, is a special district of the State of California that provides imported drinking water, produces recycled water, and provides water-use efficiency and education programs to approximately 882,000 residents within a 185-square mile service area. Located in the heart of Southern California's coastal plain, its service area has a Mediterranean climate, characterized by warm, dry summers and wet, cool winters with moderate precipitation.

West Basin is governed by a Board of five directors who are elected by the public in alternating four-year terms. West Basin is a member agency of the Metropolitan Water District of Southern California (MWD), a cooperative of twenty-six member agencies including cities and water agencies. West Basin sells the imported water it purchases from MWD to cities, water agencies and private utility companies in coastal Los Angeles County.

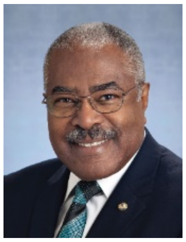
Recycled water is the cornerstone of West Basin's efforts to increase water reliability by augmenting local supplies. The District's award-winning Edward C. Little Water Recycling Facility in El Segundo, California and its satellite plants are the only facility network in the world that produces five different types of customer-specific recycled water including irrigation; industrial cooling towers; high- and low-pressure boiler feeds; and seawater barrier water for groundwater replenishment and protection. West Basin provides recycled water through more than 450 connections to industrial, commercial and public facilities in the service area.

To protect our local groundwater aquifer from seawater intrusion, West Basin currently provides imported and highly purified recycled water to the Water Replenishment District of Southern California (WRD) for injection into the West Coast seawater barrier. While West Basin does not pump groundwater, it is another source of water for many of the communities within our service area.

In August 2017, West Basin's Board of Directors approved an updated Strategic Business Plan. In March 2019, West Basin updated its Water Reliability Program to reflect current goals through a reinvigorated Water for Tomorrow Program. Water for Tomorrow brings new emphasis to West Basin's commitment to protecting, securing and diversifying its water supply while continuing its history of innovation and industry leadership. This includes reducing dependence while increasing reliability of our imported water supply, expanding conservation efforts, maximizing water recycling and evaluating ocean water desalination as a local, drought-resilient resource.

West Basin continues to invest in staff, operations and programs to maintain high standards within our workforce and reach out to the community through water-use efficiency programs, education, community partnerships, small and local business opportunities and other programs focused on providing value to our service area.

Board of Directors

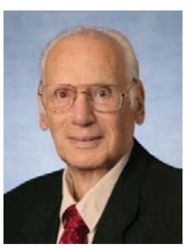


Harold C. Williams
President
Division 1: Cities of Carson, Palos Verdes Estates, Rancho Palos Verdes, Rolling Hills Estates, Rolling Hills and the unincorporated Los Angeles County area of Rancho Dominguez

Gloria D. Gray
Immediate Past President
Division 2: City of Inglewood and unincorporated Los Angeles County areas of South Ladera Heights, Lennox, West Athens and Westmont

Desi Alvarez
Secretary
Division 3: Cities of Hermosa Beach, Lomita, Manhattan Beach, Redondo Beach and a portion of Torrance

Scott Houston
Treasurer
Division 4: Cities of Culver City, El Segundo, Malibu, West Hollywood and unincorporated Los Angeles County areas of Del Aire, Lennox, Marina del Rey, North Ladera Heights, Topanga, View Park, Wiseburn and Windsor Hills

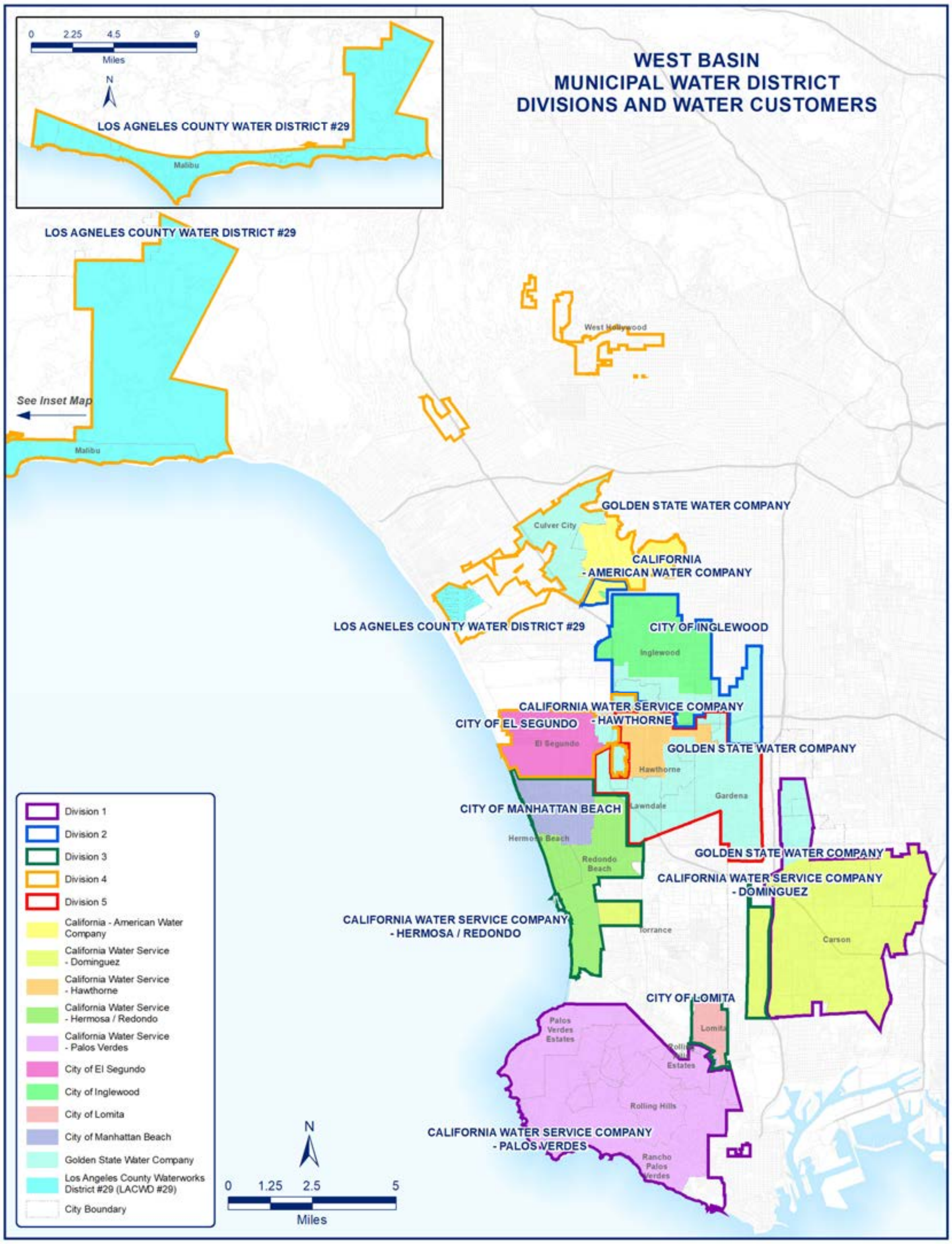


Donald L. Dear
Vice President
Division 5: Cities of Gardena, Hawthorne, Lawndale and the unincorporated Los Angeles County area of El Camino Village

SERVICE AREA

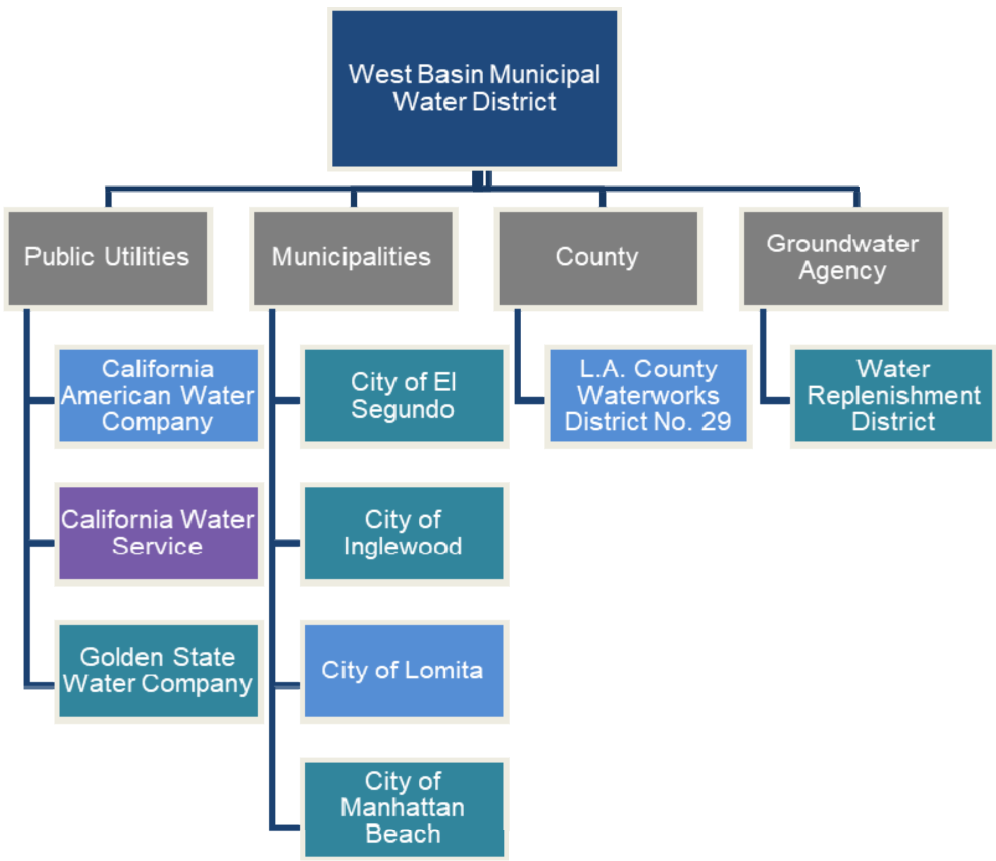
DIVISION OF BOUNDARIES

West Basin Municipal Water District serves a diverse population in 17 cities and parts of unincorporated coastal Los Angeles County.



DISTRICT STATISTICS

Formed	December 17, 1947
Estimated Population	882,000
Area Served	185 square miles
Water Portfolio	Potable, Recycled & Desalted
Average Residential Parcel Size	9,240 square feet
Lowest Median Income	$14,685 - Westmont
Highest Median Income	Over $250,000 – Manhattan Beach, Palos Verdes



= Potable Water Sales Only

= Potable & Recycled Water Sales

= Potable, Recycled and Desalted Water Sales

HISTORY

As early as 1918, the levels in local groundwater basins were dropping so low that salt water from the ocean was seeping in and contaminating groundwater. Lawns in coastal Los Angeles were dying from salty water, and well water was so salty it was often undrinkable. In the 1940s, studies showed that the local groundwater aquifer was being depleted at a much faster rate than it was being recharged or refilled.

At that time, one solution was to supply the region with imported water through MWD. In 1947, West Basin was formed by a vote of the people to serve as a wholesale agency to distribute imported water throughout its service area. In 1948, West Basin became a member agency of MWD, an agency that imports water from the Colorado River, and later would also import water from Northern California. For the next several decades, West Basin served its customer agencies and communities solely as a wholesale provider of imported water.

As a result of the extreme drought of the late 1980s and early 1990s, West Basin leaders decided to diversify the agency's water portfolio to include water use efficiency and water reuse to provide a more reliable supply of water for future generations. Early efforts included building the world's only water recycling facility that would convert treated sewer water into five different types of high-quality recycled water suitable for groundwater recharge, irrigation, municipal, industrial and commercial uses.

The benefits generated by the water recycling program include more affordable water rates for customers, a reliable, locally-controlled supply of recycled water, reduced energy use by importing less water from hundreds of miles away, reduced wastewater and biosolids discharged to the ocean, and use of recycled water as a sustainable resource. The drought of the early 1990s also increased awareness about water conservation and resulted in West Basin's addition of conservation as a new water supply alternative. West Basin currently offers free programs, classes, and events for residents and businesses to reduce their consumption of water and maximize water use efficiency indoors and outdoors.

Today, West Basin is an international water industry leader who hosts visitors from around the globe. West Basin is focused on providing value to its customers and achieving water reliability for the region through a diverse supply of water that includes imported, recycled, desalted and conserved water. All West Basin departments contribute to the agency's efforts to meet the goals and objectives of the Board of Directors' Strategic Business Plan.

MAJOR ACCOMPLISHMENTS

Water Supply Reliability

- Completed the Recycled Water Master Plan which outlines the District's capital improvement projects for the next 20 years and provides a roadmap for the cost to construct future capital facilities.
- Awarded contract to construct the Phase II Expansion at the Juanita Millender-McDonald Water Recycling Facility in Carson.
- Completed the Urban Water Management Plan to evaluate West Basin's water resource needs, provide detailed water supply planning projections over a 25-year planning horizon, and identify water supplies that are needed to meet existing and future demands.

Sound Financial and Resource Management

- Re-negotiated agreements with local refinery customers to recoup the cost of rehabilitation and replacement for facility infrastructure.
- Maintained credit ratings from Moody's at Aa2 and S&P at AA- in May 2021.

Water Quality

- Completed annual consumer confidence water quality reports for participating retailers for compliance as required by the Department of Drinking Water for a public water.
- Completed water quality monitoring to ensure it meets water quality compliance and contractual requirements.
- Met all permit and regulatory requirements with no issued Notices of Violation.

Customer Service

- Conducted monthly updates to our customer agencies and municipalities at the West Basin hosted Metropolitan Caucus meetings, and West Basin Water Association meetings.
- Developed online webinar class options for the public in response to COVID-19 pandemic.

Environmental Stewardship

- Expanded program partnership with the Roundhouse Aquarium and established new program partnership with Wildwoods Foundation.

FINANCIAL INFORMATION

ACCOUNTING SYSTEM

As required by Generally Accepted Accounting Principles for enterprise funds, accounts are maintained and financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recorded when incurred, regardless of the timing of related cash flows. West Basin's Finance department is responsible for the overall accounting and finance functions, which include cash management, treasury and debt management, accumulation and processing of accounting information, financial reporting, and contracts administration.

INTERNAL CONTROLS

West Basin's management is responsible for the establishment and maintenance of internal accounting controls that ensure assets are safeguarded and financial transactions are properly recorded and adequately documented. To ensure that the costs of controls do not exceed the benefits obtained, management uses cost estimates and judgments to attain reasonable assurance as to the adequacy of such controls. Recent audits have not uncovered any weakness in internal control that would cause concern when Recommendation for Improvements is made.

BUDGET PROCESS AND CONTROLS

Public agencies develop budgets as a performance tool to measure accountability to its stakeholders. For West Basin, the budget is developed based on meeting the priorities, goals and objectives established by the Board of Directors through its Strategic Business Plan (Plan), which was developed through a series of interviews with the Board of Directors, management, and key staff in addition to interviews with key stakeholders. The Plan provides direction for planning, budgeting, implementation, evaluation and reporting. The Plan is a "living" document in that it does not have a termination date, but it is constantly changing and evolving as the needs of West Basin change and evolve.

The budget is also used as a communication tool. Interested parties, such as bond holders, credit rating agencies, and its customers can review the budget to obtain a wide variety of information on West Basin's short- and long-term strategic planning and financial policies, as well as the current and future fiscal stability. For West Basin, the budget further demonstrates West Basin's commitment to fiscal responsibility and transparency of its operations. The budget shows how the agency will invest its revenues derived from user fees and fixed revenue sources to support its mission and programs.

The General Manager communicates the goals and the current year budget objectives to staff to ensure the budget includes the financial requirements necessary to achieve these goals and objectives. To ensure completion, the goals are also incorporated into each individual employee's performance goals. Furthermore, the high-level goals are also included in the monthly board memos to reflect the commitment to meet the Board's directives.

West Basin is not required to adopt a budget and therefore does not appropriate funds. However, as a good business practice, West Basin does prepare, adopt, monitor, and report budgeted information.

LONG-TERM FINANCIAL PLANNING

To maintain its financial strength, West Basin developed a Long-Range Financial Model. The model uses the current fiscal year budget, incorporates multiple year revenue and expense assumptions used to address anticipated operating and capital expenditures, and result in a dynamic financial model for West Basin. The capital recycled water expenditures are based on the Capital Improvement Program and estimates for the Ocean-water Desalination program costs. In addition, the model provides the basis for certain criteria to be incorporated into financial policy development, such as debt management, swap and designated fund levels. West Basin continues to monitor its assumptions to actual to ensure it remains a financially healthy organization.

CREDIT RATING AND DEBT COVERAGE

As affirmed in May 2021, West Basin currently maintains a Aa2 from Moody's and a AA- from Standards & Poor's. In order to maintain these ratings, West Basin has internally set budgeted debt coverage goals, updated financial policies and updated rates as appropriate. West Basin's Board of Directors has approved a number of financial policies to effectively manage the agency. A copy of these policies can be found on West Basin's website at www.westbasin.org. Other non-financial policies are maintained by West Basin through its Administrative Code and are reviewed periodically to ensure compliance with legal statutes. These efforts lend to a solid management focus on fiscal policies and metrics and have assisted West Basin to receive strong credit ratings and allow West Basin to obtain low-cost financing for its capital projects. Please refer to Table 17 of the Statistical Section for the 10-year historical information on West Basin's debt coverage.

DESIGNATED FUNDS

West Basin maintains two major types of funds, either restricted or unrestricted. Restricted funds consist of custodial accounts and bond reserves that are subject to the conditions of the respective bond financing documents. The unrestricted reserves are then designated by the Board of Directors and are reviewed annually as further described in the board-approved policy.

Designated Funds are a strong indicator of an agency's financial health. West Basin's Designated Funds Policy is sometimes referred to as a Reserve Policy and was designed to ensure West Basin has adequate funds to protect its financial health and the furtherance of West Basin's mission.

The policy does not specifically state a target amount but staff has established an internal target approach in its Long-Range Financial Plan to fund West Basin's Designated Funds. The policy allows for the fluidity of a target and will change each year based on the anticipated expenditures. The target amounts are based on West Basin's experience, the current operating budget and capital improvement program. The sum of all the core components provide an overall target amount that serves as a trigger for the Board of Directors to consider options when funding levels fall near or below the overall target.

SOURCE OF REVENUE

West Basin primarily receives its source of revenue from imported and recycled water sales. Imported water sales and charges totaled $164 million for the fiscal year ending June 30, 2021, while recycled water sales amounted to $39 million for the same period. More detailed information regarding West Basin's revenues is presented in the statistical section Table 6: Payors-Potable Water Sales and Table 7: Payors-Recycled Water Sales.

WATER RATES

West Basin establishes rates and charges annually through a resolution by the Board of Directors. The statistical section provides more detailed information about the rates under Table 11: Average Water Rates Per Acre-Foot (Last 10 Fiscal Years) and Table 12: Imported Water Rates.

WEST BASIN STAFF SERVICES

West Basin currently has budgeted 53 full-time employees, 3 full-time limited term employees, and 6 interns.

ACKNOWLEDGEMENTS
We would like to thank the members of the Board of Directors for their continued support in the completion of this document and the implementation of projects throughout the year and recognize members of the finance staff who contributed to this report.

Respectfully,

Margaret Moggia

Margaret Moggia
Executive Manager of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

West Basin Municipal Water District
California

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

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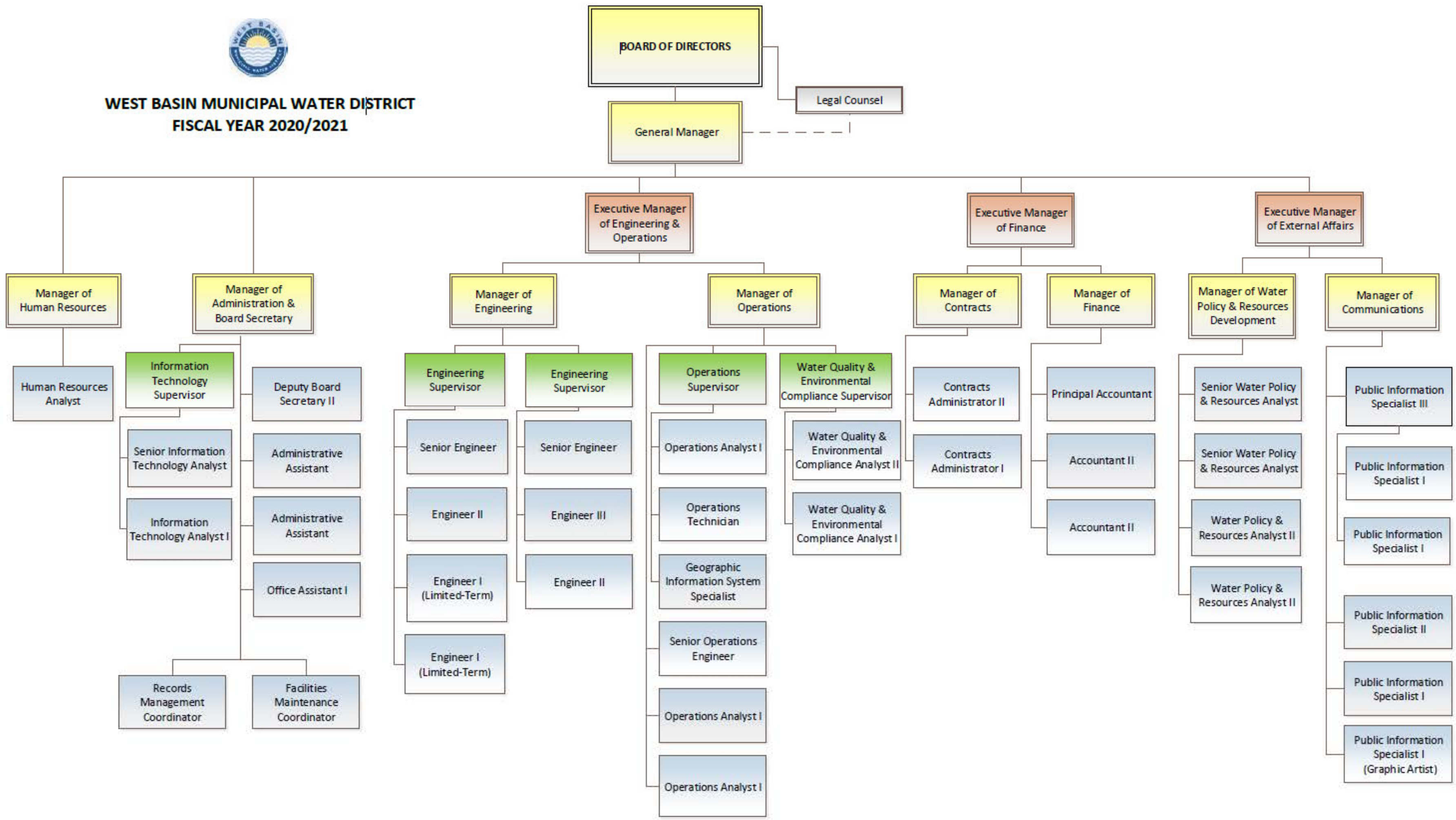
WEST BASIN MUNICIPAL WATER DISTRICT
FISCAL YEAR 2020/2021



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Independent Auditor's Report

Board of Directors
West Basin Municipal Water District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the fiduciary fund of the West Basin Municipal Water District (West Basin) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise West Basin's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities and the fiduciary fund of West Basin as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and state regulations governing Special Districts

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's *Minimum Audit Requirements for California Special Districts*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of West Basin and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 of the financial statements, West Basin adopted the provisions of GASB Statement No. 84*, Fiduciary Activities*. Our opinions are not modified in respect to this matter.

Responsibilities of Management for the Financial Statements

West Basin's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about West Basin's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the

United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited West Basin's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 3, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2021, on our consideration of the internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Basin's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 9, 2021

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The following Management's Discussion and Analysis (MD&A) of the financial performance of the West Basin Municipal Water District (or "West Basin") provides an introduction to the financial statement of West Basin for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the introductory section, the basic financial statements and related notes which follow this section.

MAJOR FINANCIAL ACTIVITIES

- West Basin had a positive Change in Net Position of $9,059,713 in fiscal year 2021.
- As of June 30, 2021, West Basin had a Net Asset of $815,758 for the Other Postemployment Benefits (OPEB) program.
- As of June 30, 2021, West Basin had a Net Pension Liability of $1,586,130 for the PERS program and had a Net Pension Asset of $320,138 for the PARS program.
- In fiscal year 2021, West Basin's potable water and monitoring revenue was $164,016,244 and the potable water and monitoring expense was $131,137,033 resulting in net revenue of $32,879,211.
- West Basin's water recycling revenue was $38,645,372 and water recycling cost was $38,031,146.
- In fiscal year 2021, West Basin issued 2021A Refunding Revenue Bonds for the amount of $74,900,000.
- On October 27, 2016, pursuant to GASB 53, West Basin terminated hedge accounting and the balance of the deferral account was cleared on the termination date. The change in fair value of the swaps from the refunding date is reported in the Statement of Revenues, Expenses and Changes in Net Position as investment revenue or loss. On June 30, 2021, the change in fair value during the fiscal year resulted in a gain of $479,202.
- Capital Contribution increased from $7,562,454 in fiscal year 2020 to $12,109,530 in fiscal year 2021.
- Total Net Position in fiscal year 2021 was $303,739,098. Net investment in capital assets was $207,047,006.
- West Basin implemented GASB Statement No. 84 in fiscal year 2021. There is only one fiduciary fund identified. Prior period adjustment of $87,739 has been restated.

REQUIRED FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of West Basin using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of West Basin's Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources with the difference between the four reported as Net Position. Net Position is displayed in the following categories: Net Investment in Capital Assets and Unrestricted Net Position. This statement provides the basis for evaluating the capital structure of West Basin and assessing the liquidity and financial flexibility of West Basin.

The Statement of Revenues, Expenses and Changes in Net Position present information that shows the results of West Basin financial performance during the year. All of the current year's revenues and expenses are accounted for in this statement. The Statement measures the success of West Basin's operations over the past year and determines whether West Basin has recovered its costs through user fees and other charges.

The Statement of Cash Flows provides information regarding West Basin's cash receipts, cash disbursements and net changes in cash resulting from operating, non-capital financing, capital financing and investing activities. This statement provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements as well as a description of the accounting policies used to prepare the financial statements. It also presents material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements. The Notes to the Financial Statements can be found on pages 19 through 56.

REQUIRED SUPPLEMENTARY INFORMATION

The required supplementary information provides additional information for West Basin's PARS, PERS and OPEB programs. It can be found on pages 57 through 62.

Condensed Statement of Net Position

	2021	2020	Change
Assets			
Current unrestricted assets	$ 132,169,159	$ 117,076,823	$ 15,092,336
Current restricted assets	2,027,688	4,173,752	(2,146,064)
Capital assets, net	452,966,659	460,924,779	(7,958,120)
Other assets	3,594,437	3,993,181	(398,744)
Total Assets	590,757,943	586,168,535	4,589,408
Deferred Outflows of Resources	10,791,529	13,605,488	(2,813,959)
Liabilities			
Current liabilities	44,815,053	59,550,209	(14,735,156)
Long-term liabilities	250,881,023	243,345,979	7,535,044
Total Liabilities	295,696,076	302,896,188	(7,200,112)
Deferred Inflows of Resources	2,114,298	2,198,450	(84,152)
Net Position			
Net investment in capital assets	207,047,006	223,889,895	(16,842,889)
Unrestricted	96,692,092	70,789,490	25,902,602
Total Net Position	$ 303,739,098	$ 294,679,385	$ 9,059,713

STATEMENT OF NET POSITION

Current unrestricted assets increased by $15,092,336 based on higher than expected net earnings from the fiscal year offset by the funds invested in capital projects. In addition, West Basin cash balances still reflect funds withdrawn from its Commercial Paper line to support some of the longer useful life projects currently underway.

In 2021, West Basin disposed a total of $4,984,970 capital assets and the deprecation expense increased by $2,365,064 from fiscal year 2020. The combination of both caused the decrease of $7,958,120 in 2021.

During Fiscal Year 2021, total liabilities decreased by $7,200,112 because of refunding of eligible bonds, and scheduled principal payments on its outstanding bonds.

Net Position measures West Basin's financial health or financial position. Over time, increases or decreases in West Basin's net position are indicators of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, change in population, new or changed government legislation, etc. The Condensed Statement of Net Position shows that Assets and Deferred Outflows of West Basin exceeded Liabilities and Deferred Inflows by $303,739,098 and $294,679,385 as of June 30, 2021 and 2020, respectively. Increase in Net Position of $9,059,713 is shown in Condensed Statements of Revenue, Expense and Changes in Net Position.

A large portion of West Basin's net position ($207,047,006 and $223,889,895 as of June 30, 2021 and 2020, respectively) reflects the West Basin's net investment in capital assets (net of accumulated depreciation) less any related debts used to acquire those assets that are still outstanding. West Basin uses these capital assets to provide services to customers; consequently, these assets are not available for future spending.

STATEMENT OF NET POSITION

Condensed Statements of Revenue, Expenses and Changes in Net Position

	2021	2020	Change
Revenues			
Operating revenues			
Water and monitoring	$ 164,016,244	$ 161,573,938	$ 2,442,306
Water recycling revenue	38,645,372	43,428,442	(4,783,070)
Water conservation	111,704	134,979	(23,275)
Desalting revenue	427,455	144,318	283,137
Total operating revenues	203,200,775	205,281,677	(2,080,902)
Non-Operating revenues			
Standby charges	10,051,886	9,986,787	65,099
Investment income	555,658	2,208,492	(1,652,834)
Other non-operating revenues	391,324	697,255	(305,931)
Total non-operating revenues	10,998,868	12,892,534	(1,893,666)
Total revenue	214,199,643	218,174,211	(3,974,568)
Expenses			
Operating expenses			
Source of supply and monitoring	131,137,033	131,450,213	(313,180)
Water recycling costs	38,031,146	38,950,560	(919,414)
Depreciation	26,468,469	24,103,404	2,365,065
Public information and education	3,758,544	3,988,770	(230,226)
Water policy and conservation	3,908,762	4,415,212	(506,450)
Project planning	1,977,879	1,309,637	668,242
Desalting operations	934,359	815,763	118,596
Total operating expenses	206,216,192	205,033,559	1,182,633
Non-Operating expenses			
Other non-operating expenses	(190,557)	110,807	(301,364)
Loss on disposition of assets	1,152,307	-	1,152,307
Interest expense	10,071,518	10,604,017	(532,499)
Total non-operating expenses	11,033,268	10,714,824	318,444
Total expenses	217,249,460	215,748,383	1,501,077
Net Income (loss) before capital contributions	(3,049,817)	2,425,828	(5,475,645)
Capital Contributions	12,109,530	7,562,454	4,547,076
Change in Net Position	9,059,713	9,988,282	(928,569)
Net position - Beginning of year	294,679,385	284,691,103	9,988,282
Net position - End of year	$ 303,739,098	$ 294,679,385	$ 9,059,713

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position reflects that West Basin's net position changed during the fiscal year. Net position increased by $9,059,713 for the fiscal year ending June 30, 2021.

A closer examination of the sources of changes in net position reveals that:

- Water and Monitoring revenues increased $2,442,306 from fiscal year 2020 to 2021. The fixed service charge, included in Water and Monitoring revenues, was implemented in fiscal year 2019 and phased in with increases through fiscal year 2021. It was the final year of its phase-in.

- West Basin's water recycling revenue decreased by $4,783,070 from fiscal year 2020. West Basin receives local resource program incentive from Metropolitan Water District (MWD)'s Local Resource Program. The incentives are included in the water recycling revenue. In fiscal year 2020, West Basin received $6,740,675 from MWD. However, in fiscal year 2021, the incentive decreased to $139,250 as one incentive agreement reached its termination date. As a result, West Basin is not eligible for another incentive for the majority of its recycled water sales.

- Costs for district wide studies and cancelled construction project costs are being recorded into Project planning. The total cost for fiscal year 2021 is $1,977,879.

- In 2021, West Basin's Total Operating Expenses increased by $1,182,633. The major increase was the depreciation increase of $2,365,065. West Basin capitalized $67,133,891 assets, which included a pump station, micro-filtration and reverse osmosis expansions and newly constructed education center to its recycled water facilities at the end of fiscal year 2020, these assets increased the depreciation costs in fiscal year 2021.

- West Basin's Total Non-Operating Revenue decreased by $1,893,666 from fiscal year 2020. In fiscal year 2020, West Basin had $469,169 unrealized gain from its investment portfolio, due to market condition changed in fiscal year 2021, West Basin had unrealized loss of ($428,910), the net change resulted the reduction of $898,079. Interest earnings were much less in fiscal year 2021 due to interest rates from LAIF dropped from 2.45% in fiscal year 2020 to 0.33% in fiscal year 2021.

- Capital Contributions increased in fiscal year 2021 by $4,547,076. Capital Contributions include the fixed capital payments from major recycled water customers and from other agencies. In 2021, West Basin received two donated recycled water pipelines with the total value of $3,569,000 from other agencies. In addition, West Basin renewed a contract with an existing customer who agreed to pay towards capital projects.

WEST BASIN MUNICIPAL WATER DISTRICT CAPITAL ASSETS

On June 30, 2021, West Basin investment in capital assets totaled $774,450,722. Capital Assets include land, discharge capacity rights, water facilities, potable distribution system, education center, buildings and improvements, furniture, fixtures and equipment and construction in progress.

The following is a summary of capital assets:

	2021	2020	Change
Land	$ 25,211,646	$ 25,211,646	$ -
Discharge capacity	621,189	621,189	-
Water facilities	657,647,297	650,526,046	7,121,251
Building and improvements	4,676,307	4,676,307	-
Potable distribution system	1,241,681	1,241,681	-
Furniture, fixtures, and equipment	2,922,384	2,513,279	409,105
Construction in progress	82,130,218	74,982,888	7,147,330
Total capital assets	$ 774,450,722	$ 759,773,036	$ 14,677,686

West Basin continued its internal review of the capital asset accounts at year-end. Capital Assets that were either no longer in service or disposed of in the current year were disposed at the year-end. In 2021, West Basin invested $20 million into its water recycling facility capital projects and disposed of $5 million from its existing assets that are no longer in service. The net increase of $14,677,686 is shown in the table above.

Additional information regarding Capital Assets can be found in Note 5 in Notes to Basic Financial Statements.

WEST BASIN MUNICIPAL WATER DISTRICT LONG-TERM LIABILITIES

The following is a summary of the long-term liabilities for the years 2021 and 2020:

	2021	2020	Change
Long-term debt			
Refunding revenue bonds	$ 255,419,210	$ 252,232,124	$ 3,187,086
Other long-term liabilities			
Compensated absences	1,548,344	1,305,346	242,998
Net pension liability	1,586,130	1,063,331	522,799
Interest rate swaps	955,487	1,434,689	(479,202)
Total long-term liabilities	$ 259,509,171	$ 256,035,490	$ 3,473,681

As of June 30, 2021, West Basin had $259,509,171 in total long-term liabilities, including compensated absences, long-term debt, net pension liability, and interest rate swaps. Note 7 in the Notes to Basic Financial Statements disclose the detail of all long-term debt.

West Basin had four separate refunding revenue bonds (series 2011A, series 2011B, series 2012A and series 2016A) and a $10,000,000 Tax -Exempt Commercial Paper Program in fiscal year 2020. On June 9, 2021, West Basin issued Series 2021A Refunding Revenue Bonds in the amount of $74,900,000 to refund the outstanding balance of the 2011A and 2011B refunding revenue bonds and fix out outstanding balance of the Commercial Paper. Note 7 in the Notes to Basic Financial Statements disclose the detail of the transaction.

West Basin's net pension liability of $1,586,130 reflected on this year's financial statement is only for West Basin's PERS program. West Basin's PARS program shows a net pension asset of $320,138. Please see Note 10 in the Notes to Basic Financial Statements for details.

West Basin has two outstanding swaps at the end of the fiscal year with the total notional amount of $11 million. Due to the issuance of 2016A Refunding Revenue Bonds on October 27, 2016, these two swaps are no longer associated with 2010A Adjustable Rate Revenue Certificate of Participation. West Basin terminated hedge accounting and the balance of the deferral account was cleared on the termination date. On June 30, 2021, the change from the refunding date resulted in a gain of $479,202. Note 9 in the Notes to Basic Financial Statements disclose the detail of the swaps.

CONDITION AFFECTING CURRENT FINANCIAL POSITION

Management is unaware of any conditions that would have a significant impact on West Basin's financial position, net position, or operating results in terms of past, present and future.

CONTACTING WEST BASIN'S EXECUTIVE MANAGER OF FINANCE

This financial report is designed to provide our citizens, customers, investors, and creditors with an overview of West Basin's financial operations and overall financial condition. If you have questions about this report or need additional financial information, please contact Margaret Moggia, Executive Manager of Finance, at West Basin.

Statement of Net Position
June 30, 2021 (With comparative totals for June 30, 2020)

ASSETS

	2021	2020
CURRENT ASSETS		
Unrestricted assets:		
Cash and cash equivalents (note 2)	$ 54,117,382	$ 42,863,849
Investments (note 2)	42,592,230	37,671,096
Accounts receivable	34,389,292	35,479,726
Accrued interest receivable	315,040	324,255
Inventory	693,157	656,184
Prepaid expenses	62,058	81,713
Total unrestricted assets	132,169,159	117,076,823
Restricted assets:		
Cash and cash equivalents (note 4)	2,027,688	4,173,752
Total restricted assets	2,027,688	4,173,752
TOTAL CURRENT ASSETS	134,196,847	121,250,575
NONCURRENT ASSETS		
Other receivable	2,458,541	2,406,697
Capital assets, not depreciable (note 5)	107,963,053	100,815,723
Capital assets, net of depreciation (note 5)	345,003,606	360,109,056
Net pension asset - PARS (note 10)	320,138	395,393
Net OPEB asset - (note 11)	815,758	1,191,091
TOTAL NONCURRENT ASSETS	456,561,096	464,917,960
TOTAL ASSETS	590,757,943	586,168,535
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension contributions (note 10)	847,866	631,830
Deferred outflows - pension actuarial (note 10)	1,023,758	815,080
Deferred outflows - OPEB contributions (note 11)	525,729	368,456
Deferred outflows - OPEB actuarial (note 11)	922,307	766,634
Deferred amount on debt refunding	7,471,869	11,023,488
TOTAL DEFERRED OUTFLOWS	10,791,529	13,605,488

(Continued)

Statement of Net Position
June 30, 2021 (With comparative totals for June 30, 2020)

LIABILITIES AND NET POSITION

	2021	2020
CURRENT LIABILITIES		
Accounts payable and accrued expense	$ 33,262,336	$ 32,226,006
Accrued interest payable	2,924,569	4,634,692
Current portion of compensated absences (note 6)	753,148	854,511
Commercial Paper (note 8)	-	10,000,000
Current portion of long-term debt (note 7)	7,875,000	11,835,000
TOTAL CURRENT LIABILITIES	44,815,053	59,550,209
LONG-TERM LIABILITIES		
Compensated absences (note 6)	1,548,344	1,305,346
2011A refunding revenue bonds (note 7)	-	22,220,540
2011B refunding revenue bonds (note 7)	-	62,280,823
2012A refunding revenue bonds (note 7)	37,269,950	40,195,566
2016A refunding revenue bonds (note 7)	121,225,259	127,535,195
2021A refunding revenue bonds (note 7)	96,924,001	-
Net pension liability (note 9)	1,586,130	1,063,331
Interest rate swaps (note 8)	955,487	1,434,689
Subtotal	259,509,171	256,035,490
Less: current portion above	(8,628,148)	(12,689,511)
TOTAL LONG-TERM LIABILITIES	250,881,023	243,345,979
TOTAL LIABILITIES	295,696,076	302,896,188
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension actuarial (note 10)	550,034	415,587
Deferred inflows - OPEB actuarial (note 11)	1,564,264	1,782,863
TOTAL DEFERRED INFLOWS	2,114,298	2,198,450
NET POSITION		
Net investment in capital assets	207,047,006	223,889,895
Unrestricted	96,692,092	70,789,490
TOTAL NET POSITION	$ 303,739,098	$ 294,679,385

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021 (With comparative totals for June 30, 2020)

	2021	2020
OPERATING REVENUES		
Water and monitoring	$ 164,016,244	$ 161,573,938
Water recycling revenue	38,645,372	43,428,442
Water conservation	111,704	134,979
Desalting revenue	427,455	144,318
TOTAL OPERATING REVENUES	203,200,775	205,281,677
OPERATING EXPENSES		
Sources of supply and monitoring	131,137,033	131,450,213
Water recycling costs	38,031,146	38,950,560
Depreciation	26,468,469	24,103,404
Public information and education	3,758,544	3,988,770
Water policy and conservation	3,908,762	4,415,212
Project planning	1,977,879	1,309,637
Desalting operations	934,359	815,763
TOTAL OPERATING EXPENSES	206,216,192	205,033,559
OPERATING INCOME (LOSS)	(3,015,417)	248,118
NONOPERATING REVENUES (EXPENSES)		
Standby charges	10,051,886	9,986,787
Investment income	555,658	2,208,492
Miscellaneous income	104,967	255,258
Noncapital grants	286,357	441,997
Change in fair value of interest rate swap	479,202	(110,807)
Loss on disposition of assets	(1,152,307)	-
Interest expense	(10,071,518)	(10,604,017)
Miscellaneous expense	(288,645)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(34,400)	2,177,710
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(3,049,817)	2,425,828
CAPITAL CONTRIBUTIONS		
Capital contributions	12,109,530	7,562,454
CHANGE IN NET POSITION	9,059,713	9,988,282
NET POSITION - BEGINNING OF YEAR	294,679,385	284,691,103
NET POSITION - END OF YEAR	**$ 303,739,098**	**$ 294,679,385**

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows
For the Year Ended June 30, 2021 (With comparative totals for June 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 214,116,788	$ 214,485,758
Cash payments to suppliers for goods and services	(170,841,932)	(173,436,549)
Cash paid for employee services and benefits	(7,492,206)	(7,545,678)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	35,782,650	33,503,531
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grants received	286,357	441,997
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	286,357	441,997
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on long-term debt	(11,835,000)	(11,425,000)
Commercial paper repayment	(25,000,000)	-
Proceeds from debt	111,948,296	10,000,000
Bond refunding	(79,600,369)	-
Acquisition and construction of capital assets	(16,093,656)	(11,150,693)
Interest paid on long-term debt	(10,555,863)	(11,826,578)
Capital contributions	8,540,530	7,562,454
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(22,596,062)	(16,839,817)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	13,987,742	30,536,612
Purchase of investments	(19,415,225)	(30,339,139)
Investment earnings	1,062,007	1,512,913
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(4,365,476)	1,710,386
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,107,469	18,816,097
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	47,037,601	28,221,504
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 56,145,070	$ 47,037,601
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO AMOUNTS REPORTED ON THE STATEMENT OF NET POSITION:		
Cash and cash equivalents	$ 54,117,382	$ 42,863,849
Restricted cash and cash equivalents	2,027,688	4,173,752
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 56,145,070	$ 47,037,601

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows
For the Year Ended June 30, 2021 (With comparative totals for June 30, 2020)

	2021	2020
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	$ (3,015,417)	$ 248,118
Standby charges	10,051,886	9,986,787
Depreciation	26,468,469	21,103,404
Nonoperating miscellaneous income (expense)	(183,678)	255,258
CHANGE IN ASSETS AND LIABILITIES:		
(Increase) decrease in accounts receivable	1,047,805	(1,037,964)
(Increase) decrease in inventory	(36,973)	(161,750)
(Increase) decrease in prepaid expenses	19,655	198,411
(Increase) decrease in net pension asset - PARS	75,255	(19,028)
(Increase) decrease in net OPEB asset	375,333	(1,191,091)
(Increase) decrease in deferred outflows - pension	(424,714)	194,904
(Increase) decrease in deferred outflows - OPEB	(312,946)	396,653
Increase (decrease) in accounts payable and accrued expenses	1,036,330	(635,183)
Increase (decrease) in compensated absences	242,998	118,223
Increase (decrease) in net pension liability	522,799	415,652
Increase (decrease) in net OPEB liability	-	(503,715)
Increase (decrease) in deferred inflows - pension actuarial	134,447	(282,919)
Increase (decrease) in deferred inflows - OPEB actuarial	(218,599)	1,417,771
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 35,782,650	$ 30,503,531
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Gain (loss) on disposition of assets	$ (1,152,307)	$ -
Unrealized gain (loss) from investments	$ (428,910)	$ 469,169
Change in fair value of interest rate swap	$ 479,202	$ (110,807)
Capital Contributions	$ 3,569,000	$ -

The accompanying notes are an integral part of these financial statements.

Statement of Fiduciary Net Position
June 30, 2021

	Custodial Fund
ASSETS	
Cash and cash equivalents	$ 118,902
Receivables:	
Other governments	303,637
TOTAL ASSETS	422,539
LIABILITIES	
Accounts payable and other liabilities	267,696
TOTAL LIABILITIES	267,696
NET POSITION	
Restricted for:	
Other governments	154,843
TOTAL NET POSITION	$ 154,843

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021

		Custodial Fund
ADDITIONS		
Collections for other governments	$	964,305
Total additions		964,305
DEDUCTIONS		
Administrative expense		9,564
Payments to other entities		887,637
Total deductions		897,201
Net increase (decrease) in fiduciary net position		67,104
NET POSITION - BEGINNING OF YEAR, AS RESTATED		87,739
NET POSITION - END OF YEAR	$	154,843

The accompanying notes are an integral part of these financial statements.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and description of West Basin - West Basin Municipal Water District (West Basin) was incorporated on December 17, 1947, which operates under the authority of Division 20 of the California Water Code for the purpose of providing water and related services to the properties within West Basin. West Basin is governed by a five-member Board of Directors elected by the voters in the area where each serve a four-year term.

The mission of West Basin is to provide a safe and reliable supply of high-quality water to the communities we serve. West Basin's customers consist of nine agencies, private and public, within its 185-square mile service area plus two additional agencies outside its service area. West Basin provides drinking and recycled water and water efficiency programs to its customers.

Basis of accounting

Enterprise Fund - West Basin's enterprise financial statements are comprised of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows.

West Basin uses an enterprise fund to record its activities. An enterprise fund is a type of proprietary fund used to account for operations where the costs of providing services to the general public on a continuing basis are recovered primarily through user fees and charges.

West Basin distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from producing and delivering water to the customers and providing education and conservation services to the community. Revenues not meeting this definition are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Fund – West's Basin's fiduciary fund financial statements include a statement of Fiduciary Net Position and a Statement of Changed in Fiduciary Net Position. The Fiduciary (Custodial) fund is used to account for assets held by West Basin in a trustee capacity or as an agent for individuals, private organizations, and/or other funds.

West Basin uses the "economic resources focus" and the accrual basis of accounting, where revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Estimates - The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and, accordingly, include amounts that are based on management's best estimates and judgments. Actual results could defer from those estimates.

Cash and cash equivalents - For purposes of the statements of cash flows, West Basin considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments - Investments are stated at their fair value which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

Inventory - Inventory consists primarily of chemicals and spare parts used at the treatment plant and are stated at cost, these inventories are not held for resale.

Capital assets - Capital assets are classified into two major criteria of the business:

Capital assets used to support General Administration must meet (2) conditions:

1. Each individual item has a cost of $3,000 or more or a group of same type assets has a cost of $5,000 or more; and
2. Useful life of at least three years

Capital assets used to support Infrastructure and Other Construction Projects must meet (2) conditions:

1. Each individual item or component unit has a cost of $10,000 or more; and
2. Useful life of at least three years

All purchased or constructed capital assets are reported at historical cost. Contributed assets are reported at acquisition cost on the date received. Donated assets are reported at acquisition value on the date received. Replacements, refurbishments and other capital outlays that significantly extend the useful life of an asset by at least three years and the cost of the individual project are $10,000 or more are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation is calculated on the straight-line method over the following estimated useful lives:

	Useful Life
Water facilities	3 - 75 year
Buildings and improvements	3 - 40 year
Furniture, fixtures, and equipment	3 - 10 year

Depreciation aggregated $26,468,469 for the year ended June 30, 2021.

Construction in progress includes those projects that are currently under design and construction to expand or refurbish District facilities and distribution system. In addition, construction in progress costs include costs toward the evaluation and design of desalination facilities.

Amortization - Bond premiums and the deferred amount on refunding are being amortized on the straight-line method over periods not to exceed debt maturities. Amortization expense aggregated $1,085,539 for the year ended June 30, 2021.

Compensated absences - Vested or accumulated vacation, sick and personal holiday leave is recorded as an expense and liability as benefits accrue to employees.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prior year data - Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived. West Basin may reclassify certain prior year information to conform with current year presentations.

Capital contributions - Capital contributions of $12,109,530 include capital contributions, and capital recovery charges for the fiscal year ended June 30, 2021.

Capital grants and contributions - West Basin receives grants and donated assets from other entities/agencies for several ongoing projects.

Capital-recovery charges (recycling operations) - West Basin receives fixed payments from major recycled water customers, which are intended to cover the cost of recycled water facilities owned by West Basin, but that were exclusively constructed to meet their recycling needs.

Risk management - West Basin 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 (Insurance Authority). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. The ACWA-JPIA board is composed of representatives from a number of water districts, including the West Basin Municipal Water District.

At June 30, 2021, West Basin participated in the self-insurance programs of the Insurance Authority as follows:

Property loss - Covered up to replacement value with a $25,000 deductible per occurrence on scheduled buildings, fixed equipment and contents, actual cash value on scheduled mobile equipment with a $1,000 deductible per occurrence and actual cash value on scheduled vehicles with a $1,000 deductible per occurrence. JPIA is self-insured up to $100,000 per loss and has purchased re-insurance coverage up to a $500,000,000 limit per occurrence. Scheduled fixed equipment is covered for Accidental Mechanical Breakdown up to sub-limit of $100,000,000 with deductible $25,000 to $50,000 depending on type of equipment.

General liability, Automobile, Employment Practices and Public Officials Liability - Broad coverage against third-party claims for the Agency, its directors, employees, and volunteers. Covered up to the following limits: the JPIA pools for first $5 million and purchases excess coverage with limit up to $55 million with aggregated policy limits.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Risk management (continued)

Cyber Liability - Including Cyber Security up to $3,000,000 per occurrence and $5,000,000 Aggregate Limit. Cyber Liability Deductible varies from $10,000 to $50,000 depending on Agency Revenue.

Employee Dishonesty Crime Supplement Liability - The Insurance Authority has pooled self-insurance up to $100,000 per occurrence, West Basin has a $1,000 deductible.

Fidelity bond - The Insurance Authority has pooled self-insurance up to $100,000. West Basin has a $1,000 deductible.

At June 30, 2021, West Basin also had insurance coverage with Alliant Insurance for crime up to $3,000,000 with a $2,500 deductible.

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

Pensions - For purposes of measuring the net pension liability or asset, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office and PARS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at the CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes.

For the CalPERS report, the following timeframes are used:

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

For the PARS report, the following timeframes are used:

Valuation Date (VD)	June 30, 2020
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other postemployment benefits (OPEB) - For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of West Basin's plan (OPEB Plan), the assets of which are held by the California Employers' Retiree Benefit Trust (CERBT), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and fiduciary net position information within certain defined timeframes.

For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

Deferred outflows/inflows of resources - In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then. West Basin has five items that qualify for reporting in this category: the deferred outflows on pension contributions, the deferred outflows on OPEB contributions, the deferred outflows – pension actuarial, the deferred outflows – OPEB actuarial and the deferred amounts on debt refunding.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as inflow of resources (revenue) until that time. West Basin has two items that qualifies for reporting in this category: deferred inflow – pension actuarial and deferred inflows – OPEB actuarial.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements - Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect West Basin's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include West Basin's own data.

Implementation of new pronouncement

The Governmental Accounting Standards Board (GASB) has issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

2) CASH AND INVESTMENTS

Financial Statement Classification:

Unrestricted assets:	
Cash and cash equivalents	$ 54,117,382
Investments	42,592,230
Restricted assets:	
Cash and cash equivalents	2,027,688
Custodial cash - Fiduciary fund	118,902
Total Cash and Investments	$ 98,856,202

Cash and investments held by West Basin were comprised of the following at June 30, 2021:

	Maturity in Year			
	1 Year Or Less	1 - 5 Years	More than 5 Years	Total
Local agency investment fund	$ 37,992,797	$ -	$ -	$ 37,992,797
Money market mutual funds	9,323,455	-	-	9,323,455
Deposits with financial institutions	8,947,720	-	-	8,947,720
U.S. agency securities	-	11,881,425	-	11,881,425
U.S. treasury securities	4,387,038	17,365,367	-	21,752,405
State municipal obligations	-	338,837	-	338,837
Corporate notes	444,672	5,094,017	-	5,538,689
Negotiable certificates of deposit	903,090	1,292,659	-	2,195,749
Supranationals	-	405,250	-	405,250
Asset-backed securities	-	479,875		479,875
Total cash and investments	$ 61,998,772	$ 36,857,430	$ -	$ 98,856,202

2) CASH AND INVESTMENTS (continued)

Investments authorized by the California government code and West Basin's investment policy - The table below identifies the investment types that are authorized for West Basin by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of West Basin, rather than the general provision of the California Government Code or West Basin's investment policy.

Authorized Investment Type	Authorized by Investment Policy	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer*
U.S. treasury obligations	Yes	5 year	None	None
U.S. agency securities	Yes	5 year	None	None
Banker's acceptances	Yes	180 days	15%	5%
California municipal obligations	Yes	5 year	10%	5%
State municipal obligations	Yes	5 year	10%	5%
Commercial paper	Yes	270 days	25%	5%
Negotiable certificates of deposit	Yes	5 year	30%	5%
Repurchase agreements	No	1 year	None	None
Reverse repurchase agreements	No	92 days	20% of base value	None
Medium-term notes	Yes	5 year	30%	5%
Mutual funds	No	N/A	20%	10%
Money market mutual funds	Yes	N/A	20%	None
Mortgage pass-through securities	Yes	5 year	20%	5%
Local agency investment fund	Yes	N/A	None	$75m**
Supranaturals	Yes	5 year	30%	None

*Based on State law or investment policy requirements, whichever is more restrictive.
**LAIF's maximum allowed investment.

2) CASH AND INVESTMENTS (continued)

Investments authorized by debt agreements - Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or West Basin's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Investment in One Issuer
Cash	None	None	None
U.S. treasury obligations	None	None	None
U.S. agency securities	None	None	None
Bankers acceptances	180 days	None	None
Commercial paper	270 days	None	None
Money market mutual funds	N/A	None	None
Guaranteed investment contracts	30 year	None	None
Negotiable Certificates of deposit	360 days	None	None
Local agency investment fund	None	None	None
State Municipal Obligations	None	None	None
Deposit Accounts	None	None	None

Disclosures relating to interest rate risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

In accordance with the Investment Policy, West Basin manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing over time as necessary to provide the cash flows and liquidity needed for operations and the payments of debt service.

Information about the sensitivity of the fair values of West Basin's investments to market interest rate fluctuations is provided in the previous table that shows the distribution of West Basin's investments by maturity as of June 30, 2021.

2) CASH AND INVESTMENTS (continued)

Disclosure relating to credit risk - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. In accordance with the Investment Policy, West Basin only purchases investments that are rated "A" or higher by at least one nationally recognized statistical rating organization. Presented below is the actual rating as of the year end for each investment under current assets and restricted assets.

Authorized Investment Type	Amount	Minimum Legal Rating	Rating as of Year End AAA	AA	A	BBB*	Not Rated
Local agency investment fund	$ 37,992,797	N/A	$ -	$ -	$ -	$ -	$ 37,992,797
Money market mutual funds	9,323,455	N/A	7,295,766	-	2,027,689	-	-
Deposits with financial institutions	8,947,720	N/A	-	-	-	-	8,947,720
U.S. agency securities	11,881,425	N/A	-	11,881,425	-	-	-
U.S. treasury securities	21,752,405	N/A	-	21,752,405	-	-	-
State municipal obligations	338,837	A	-	75,721	207,570	-	55,546
Corporate notes	5,538,689	A	-	606,434	4,405,266	526,989	-
Negotiable certificates of deposit	2,195,749	A	-	561,938	1,633,811	-	-
Supranationals	405,250	AA	405,250	-	-	-	-
Asset-backed securities	479,875	AA	479,875	-	-	-	-
Total	**$ 98,856,202**		**$ 8,180,891**	**$ 34,877,923**	**$ 8,274,336**	**$ 526,989**	**$ 46,996,063**

* On June 30, 2021, S&P rated four corporate notes at BBB for a total of $526,989 and Moody's did not rate any of the corporate notes at BBB.

Concentration of credit risk - Concentration of credit is the risk of loss attributed to the magnitude of West Basin's investment in a single issue.

Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments are as follows:

Issuer	Investment Type	Reported Amount
Federal Home Loan Mortgage Corp	U.S. Agency Securities	$ 9,329,698
Federal National Mortgage Association	U.S. Agency Securities	2,169,551

Custodial credit risk - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, West Basin will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g. broker) West Basin will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and West Basin's Investment Policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

2) CASH AND INVESTMENTS (continued)

Investment in state investment pool - West Basin is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code under the oversight of the Treasurer of the State of California. The fair value of West Basin's investment in this pool is reported in the accompanying financial statements at amounts based upon West Basin's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF which are recorded on an amortized cost basis. The weighted average maturity of the LAIF portfolio as of June 30, 2021 is 291 days at a rate of 0.30%.

3) FAIR VALUE MEASUREMENT

West Basin categorizes certain assets and liabilities within the fair value hierarchy established by generally accepted accounting principles. West Basin has the following recurring fair value measurements as of June 30, 2021:

	Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total
U.S. agency securities	$ -	$ 11,881,425	$ -	$ 11,881,425
U.S. treasury securities	-	21,752,405	-	21,752,405
State municipal obligations	-	338,837	-	338,837
Supranationals	-	405,250	-	405,250
Negotiable certificates of deposit	-	2,195,749	-	2,195,749
Corporate notes	-	5,538,689	-	5,538,689
Asset-backed securities	-	479,875	-	479,875
Interest rate swaps	-	(955,487)	-	(955,487)
Total assets and liabilities reported at fair value	$ -	$ 41,636,743	$ -	$ 41,636,743

U.S. Agencies, U.S. Treasuries, State Municipal Obligations, Supranationals, Negotiable Certificates of Deposit, Corporate Notes, Asset-backed Securities are valued using a variety of techniques such as matrix pricing, market corroborated pricing inputs such as yield curves and indices, and other market-related data and classified in Level 2 of the fair value hierarchy. Interest Rate Swaps are valued using the income approach and classified in Level 2, see note 8 for additional information.

4) RESTRICTED ASSETS

Restricted assets were provided by, and are to be used for, the following at June 30, 2021:

Funding source	Use	Amount
Refunding Revenue Bonds	Reserve Requirement	$ 2,027,688
Custodial - Fiduciary Fund	Custodial Costs	118,902

5) CAPITAL ASSETS

The investment in capital assets consists of the following at June 30, 2021:

	Balance at June 30, 2020	Additions	Deletions	Balance at June 30, 2021
Capital assets, not being depreciated:				
Land - Recycling facilities	$ 23,541,078	$ -	$ -	$ 23,541,078
Land - Carson	1,670,568	-	-	1,670,568
Discharge Capacity	621,189	-	-	621,189
Construction in progress	74,982,888	15,505,230	(8,357,900)	82,130,218
Total capital assets, not being depreciated	100,815,723	15,505,230	(8,357,900)	107,963,053
Capital assets, being depreciated:				
Building - Carson	2,343,574	-	-	2,343,574
Building improvement	2,332,733	-	-	2,332,733
Potable distribution system	1,241,681	-	-	1,241,681
Recycling facilities	645,180,447	11,724,986	(4,844,024)	652,061,409
Groundwater desalting facility	5,345,599	381,235	(140,946)	5,585,888
Machinery and equipment	2,359,258	409,105	-	2,768,363
Furniture and fixtures	154,021	-	-	154,021
Total capital assets, being depreciated	658,957,313	12,515,326	(4,984,970)	666,487,669
Less accumulated depreciation:				
Building - Carson	(1,210,847)	(93,743)	-	(1,304,590)
Building improvement	(1,009,146)	(232,395)	-	(1,241,541)
Potable distribution system	(589,797)	(62,085)	-	(651,882)
Recycling facilities	(291,040,731)	(25,650,827)	3,724,071	(312,967,487)
Groundwater desalting facility	(2,805,197)	(277,935)	108,592	(2,974,540)
Machinery and equipment	(2,047,070)	(147,834)	-	(2,194,904)
Furniture and fixtures	(145,469)	(3,650)	-	(149,119)
Total accumulated depreciation	(298,848,257)	(26,468,469)	3,832,663	(321,484,063)
Total capital assets, being depreciated, net	360,109,056	(13,953,143)	(1,152,307)	345,003,606
Total capital assets, net	$ 460,924,779	$ 1,552,087	$ (9,510,207)	$ 452,966,659

6) COMPENSATED ABSENCES

Changes in compensated absences for fiscal year ended June 30, 2021 were as follows:

	Balance at June 30, 2020	Additions	Deletions	Balance at June 30, 2021	Current Portion
Compensated Absences	$ 1,305,346	$ 604,783	$ (361,785)	$ 1,548,344	$ 753,148

7) LONG-TERM DEBT

The following amounts of long-term debt were outstanding June 30, 2021:

	Balance at June 30, 2020	Additions	Deletions	Balance at June 30, 2021	Current Portion
Long-term debt					
2011A Refunding Revenue Bonds	$ 20,875,000	$ -	$ (20,875,000)	$ -	$ -
2011A Premium	1,345,540		(1,345,540)	-	-
2011B Refunding Revenue Bonds	60,275,000	-	(60,275,000)	-	-
2011B Premium	2,005,823		(2,005,823)	-	-
2012A Refunding Revenue Bonds	36,815,000	-	(2,550,000)	34,265,000	2,675,000
2012 A Premium	3,380,566		(375,616)	3,004,950	-
2016A Refunding Revenue Bonds	106,655,000	-	(5,025,000)	101,630,000	5,200,000
2016A Premium	20,880,195	-	(1,284,936)	19,595,259	
2021A Refunding Revenue Bonds	-	74,900,000	-	74,900,000	-
2021A Premium	-	22,048,296	(24,295)	22,024,001	-
Total long-term debt	$ 252,232,124	$ 96,948,296	$ (93,761,210)	$ 255,419,210	$ 7,875,000

2011A refunding revenue bonds - In September 2011, West Basin issued $34,190,000 Refunding Revenue Bonds ("2011A Refunding Revenue Bonds") to assist West Basin in refinancing a portion of certain facilities of West Basin previously financed and refinanced from the proceeds of the 2003A Refunding Revenue Certificates of Participation, to refinance certain facilities of West Basin previously financed from the proceeds of the State of California loan, and to pay costs of delivery of the 2011A Refunding Revenue Bonds. In June 2021, the 2011A Refunding Revenue Bonds were refunded with the 2021A Refunding Revenue Bonds.

2011B refunding revenue bonds - In November 2011, West Basin issued $60,275,000 Refunding Revenue Bonds ("2011B Refunding Revenue Bonds") to assist West Basin in refinancing a portion of certain facilities of West Basin previously financed and refinanced from the proceeds of the 2003A Refunding Revenue Certificates of Participation, to refinance certain facilities of West Basin previously financed from the proceeds of the 2010A Adjustable Rate Revenue Certificates of Participation, to fund capitalized interest, to fund a reserve fund and to pay costs of delivery of the 2011B Refunding Revenue Bonds. In June 2021, the 2011B Refunding Revenue Bonds were refunded with the 2021A Refunding Revenue Bonds.

7) LONG-TERM DEBT (continued)

2012A refunding revenue bonds - In April 2012, West Basin issued $50,325,000 Refunding Revenue Bonds ("2012A Refunding Revenue Bonds") to assist West Basin in refinancing a portion of certain facilities of West Basin previously financed from the proceeds of the 2003A Refunding Revenue Certificates of Participation, to refinance certain facilities of West Basin previously financed from the proceeds of the 2010A Adjustable Rate Revenue Certificates of Participation, to fund capitalized interest, to fund a portion of a reserve fund and to pay costs of delivery of the 2012A Refunding Revenue Bonds.

The 2012A Refunding Revenue Bonds have interest rates from the original issue date ranging from 3.0% to 5.0% with maturities through August 2029. This liability is presented in the accompanying statement of net position net of unamortized discounts and premiums as follows:

Bonds outstanding	$ 34,265,000
Unamortized premium	3,004,950
Net liability	**$ 37,269,950**

2016A refunding revenue bonds - On October 27, 2016, West Basin issued Series 2016A Refunding Revenue Bonds in the amount of $112,875,000 to advance refund the callable portions (approximately $98 million) of the 2008B Refunding Revenue Certificates of Participation and repay the outstanding balance of the 2010A Adjustable Rate Revenue Certificates of Participation.

A portion of the proceeds from the 2016A were placed in an irrevocable trust to provide for future debt service payments on the 2008B bonds. Accordingly, the trust account assets and the liability for the defeased bonds were not included in West Basin's financial statements. The Trust made debt service payments due on or prior to August 1, 2018, and on August 1, 2018, repaid the remaining principal of the 2008B bonds.

The 2016A Refunding Revenue Bonds have interest rates ranging from 3.0% to 5.0% with maturities through August 2036. This liability is presented in the accompanying statement of net position net of unamortized discounts and premiums as follows:

Bonds outstanding	$ 101,630,000
Unamortized premium	19,595,259
Net liability	**$ 121,225,259**

2021A refunding revenue bonds - On June 9, 2021, West Basin issued Series 2021A Refunding Revenue Bonds in the amount of $74,900,000 to refund the outstanding balance of the 2011A and 2011B refunding revenue bonds and the outstanding balance of the Commercial Paper.

The 2021A Refunding Revenue Bonds have interest rates ranging from 4.0% to 5.0% with maturities through August 2041. This liability is presented in the accompanying statement of net position net of unamortized discounts and premiums as follows:

Bonds outstanding	$ 74,900,000
Unamortized premium	22,024,001
Net liability	**$ 96,924,001**

7) LONG-TERM DEBT (continued)

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $890,691. This difference is being amortized on a straight-line basis as interest expense (interest on debt). The District current refund the Series 2011A and 2011B bonds and the commercial paper balance to reduce its total debt service payments by $22,029,495 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt, less any prior funds on hand) of $18,927,923.

Debt Coverage - West Basin has pledged revenues, net of specified operating expenses, as security for debt service associated with indebtedness incurred to finance various capital facilities of West Basin. The bonds are payable solely from net revenues and are payable through fiscal year 2042. For the year ended June 30, 2021, debt coverage (net revenues divided by total debt service) for all debt was approximately 1.84.

Debt Service Requirements - The Refunding Revenue Bonds debt service requirements subsequent to June 30, 2021, are as follows. This schedule is obtained from the Official Statements for the Refunding Revenue Bonds, series 2012A, 2016A and 2021A.

	Refunding Revenue Bonds		
	Principal	**Interest**	**Total**
2021/22	$ 7,875,000	$ 7,141,184	$ 15,016,184
2022/23	11,865,000	10,078,850	21,943,850
2023/24	12,360,000	9,485,600	21,845,600
2024/25	12,965,000	8,867,600	21,832,600
2025/26	13,795,000	8,219,350	22,014,350
2026/27	14,250,000	7,529,600	21,779,600
2027/28	15,035,000	6,817,100	21,852,100
2028/29	15,790,000	6,065,350	21,855,350
2029/30	16,580,000	5,275,850	21,855,850
2030/31	13,230,000	4,446,850	17,676,850
2031/32	13,890,000	3,785,350	17,675,350
2032/33	10,200,000	3,090,850	13,290,850
2033/34	10,720,000	2,580,850	13,300,850
2034/35	11,260,000	2,044,850	13,304,850
2035/36	11,830,000	1,481,850	13,311,850
2036/37	12,435,000	890,350	13,325,350
2037/38	1,240,000	268,600	1,508,600
2038/39	1,290,000	219,000	1,509,000
2039/40	1,340,000	167,400	1,507,400
2040/41	1,395,000	113,800	1,508,800
2041/42	1,450,000	58,000	1,508,000
Total	$ 210,795,000	$ 88,628,234	$ 299,423,234

8) COMMERCIAL PAPER

West Basin established its Tax-Exempt Commercial Paper Program in October 2018. Commercial paper is a form of variable-rate debt issued with maturities of 1 to 270 days. When the commercial paper matures, it may be rolled over to new investors by its commercial paper dealer. Bank of the West agreed to extend up to $50,000,000 authorization of credit to West Basin. West Basin pays a letter of credit fee of 30 basis points on the unutilized portion of the commercial paper and pays a dealer fee of 4.75 basis points on the utilized portion of the commercial paper.

As of June 30, 2021, the outstanding balance was $0 as it was repaid with the issuance of the Series 2021A Refunding Revenue Bonds.

9) SWAP TRANSACTION AGREEMENTS

In June 2004, the West Basin entered into a swap transaction in the original notional amount of $22,875,000 for the purpose of hedging the variable interest rate that related to one of West Basin's Adjustable Rate Refunding Certificates of Participation at the time. This swap was executed and confirmed on June 8, 2004. In 2008, the West Basin refinanced this Adjustable Rate Refunding Revenue Certificates of Participation and the swap was amended and restated as of June 6, 2008 for the original notional amount of $22,875,000. The agreement is scheduled to terminate August 1, 2027 unless terminated earlier. Under the amended and restated swap transaction, West Basin pays a fixed rate of 3.662% and receives 65% of the British Bankers Association - London Interbank offered rate (BBA - LIBOR). West Basin engaged independent consultants with no vested interest in the swap transactions to perform the mark-to-market and fair value calculations of the swaps. The fair market value of this swap was ($946,911) as of June 30, 2021.

In April 2005, the West Basin entered into a swap transaction in the notional amount of $18,175,000 for the purpose of hedging the variable interest rate that related to another the West Basin's Adjustable Rate Refunding Revenue Certificates of Participation at the time. This swap became effective on June 7, 2004. In 2008, the West Basin refinanced the 2008A-2 Adjustable Rate Refunding Revenue Certificates of Participation and the swap was amended and restated as of May 22, 2008 for the original notional amount of $18,175,000 and is scheduled to terminate August 1, 2021, unless terminated earlier. Under the amended and restated swap transaction, West Basin pays a fixed rate of 3.515% and receives the floating rate of 65% of BBA - LIBOR. The fair market value of this swap was ($8,576) as of June 30, 2021.

9) SWAP TRANSACTION AGREEMENTS (continued)

In 2010, West Basin refinanced the 2008A Adjustable Rate Refunding Revenue Certificates of Participation. On October 27, 2016, West Basin refunded the 2010A Adjustable Rate Refunding Revenue Certificates of Participation with a Fixed Rate Revenue Certificates of Participation. The Series 2016A paid off the balance of the Series 2010A, resulting in West Basin having no outstanding variable rate debt. Based on GASB 53, the swaps are potential hedges currently deemed Investment Derivatives until associated with new variable debt.

The income approach is used to obtain the fair value of the swaps, where future amounts (the expected swap cash flows) are converted to a single current (discounted) amount, using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows, and time value of money. Where applicable under the income approach, the option pricing model technique, such as the Black-Derman-Toy model, or other appropriate option pricing model is used. This valuation technique is applied consistently across all the swaps. Given the observability of inputs that are significant to the entire measurement, the fair values of West Basin swaps are categorized as Level 2.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2021, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows:

(Debit (Credit))	Change in Fair Value		Fair Value at June 30, 2021		
	Classification	**Amount**	**Classification**	**Amount**	**Notional**
Investment derivative instruments:					
Pay-fixed interest rate swaps (WESTBASIN200406080001)	Investment revenue	$ 414,050	Investment	$ (946,911)	$ 9,150,000
Pay-fixed interest rate swaps (WESTBASIN200504260001)	Investment revenue	65,152	Investment	(8,576)	1,625,000

The fair value of each of the above interest rate swap agreements has been reported as a liability in the accompanying statement of net position. All derivatives are reported on the statement of net assets at fair value. On the refunding date, October 27, 2016, pursuant to GASB 53, West Basin terminated hedge accounting and the balance of the deferral account was cleared on the termination date. Change in fair value of the swaps from the refunding date is reported in the statement of activities as investment revenue or loss. On June 30, 2021, the change during the fiscal year resulted in a revenue gain of $479,202.

9) SWAP TRANSACTION AGREEMENTS (continued)

Fair Value values take into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction and any upfront payments that may have been received. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps. Fair values reflect the effect of non-performance risk, which includes West Basin's credit risk.

Terms of Derivative Instruments

The following table displays the terms of West Basin's hedging derivative instruments outstanding at June 30, 2021, along with the credit rating of the associated counterparty.

Type	Current Notional Amount Date	Effective Date	Maturity Date	Rate Paid	Rate Received	Bank Counterparty	Counterparty Ratings (Moody's/ S&P/Fitch)
Pay-fixed interest rate swaps	$ 9,150,000	5/22/2008	8/1/2027	3.662%	65% of USD-LIBOR	Citibank, N.A., New York	Aa3/A+/A+
Pay-fixed interest rate swaps	$ 1,625,000	5/22/2008	8/1/2021	3.515%	65% of USD-LIBOR	Citibank, N.A., New York	Aa3/A+/A+

Credit risk. This is the risk that a counterparty will not fulfill its obligations. As of June 30, 2021, West Basin was not exposed to credit risk because the swaps had a negative mark-to-market value of $957,819, meaning the counterparties are exposed to West Basin in the amount of the derivatives' mark-to-market values. However, should interest rates change and the mark-to-market values of the swaps become positive, West Basin would be exposed to credit risk. To minimize its potential exposure to loss related to credit risk, it is West Basin's policy to require counterparty collateral posting provisions in its swap transactions. These terms require full collateralization of the mark-to-market value of hedging derivative instruments in asset positions (net of the effect of applicable netting arrangements) should the counterparty, or its guarantor, not have credit ratings from two nationally recognized rating agencies in at least the two highest rating categories. Collateral posted is to be in the form of cash, U.S. Treasury Securities or Agency Securities rated "Aaa" or "AAA" by two of the nationally recognized rating agencies held by a third-party custodian.

Interest rate risk. West Basin is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swaps, as LIBOR and prevailing interest rates decrease, West Basin's net payments and liability mark-to-market value on the swap increases.

9) SWAP TRANSACTION AGREEMENTS (continued)

Termination risk. West Basin or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. In such event, West Basin may either receive or owe a payment to the counterparty. The amount and the direction of the payment are dependent on prevailing swap interest rates and it reflects the mark-to-market value of the swap at the time of such termination.

10) DEFINED BENEFIT PENSION PLAN

The pension plans and related deferred inflows and outflows of resources are summarized as follows:

	PERS - Misc	PARS	Total
Net Pension Liability	$ 1,586,130	$ -	$ 1,586,130
Net Pension Asset	-	320,138	320,138
Deferred Outflows - Pension Related	1,546,940	324,684	1,871,624
Deferred Inflows - Pension Related	306,902	243,132	550,034
Pension expense	1,110,135	45,518	1,155,653

CalPERS Plan:

General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (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. West Basin sponsors two miscellaneous plans. Benefit provisions under the Plan are established by State statute and West Basin 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.

10) DEFINED BENEFIT PENSION PLAN (continued)

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 Plan's provisions and benefits in effect at June 30, 2021 are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% @ 60	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 3.0%	1.0% to 2.5%
Required employer contribution rates	16.337%	7.874%

10) DEFINED BENEFIT PENSION PLAN (continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (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, 2021 were $775,866. The actual employer payments of $569,830 made to CalPERS by West Basin during the measurement period ended June 30, 2020 differed from West Basin's proportionate share of the employer's contributions of $906,451 by $336,621, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

Net Pension Liability

West Basin'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, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies 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 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter.

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

10) DEFINED BENEFIT PENSION PLAN (continued)

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class[1]	Assumed Asset Allocation	Real Return Years 1 - 10[2]	Real Return Years 11+[3]
Global equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	-	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	-	(0.92%)

[1] In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

[2] An expected inflation of 2.00% used for this period

[3] An expected inflation of 2.92% used for this period

10) DEFINED BENEFIT PENSION PLAN (continued)

Change of Assumptions

The Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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.

Proportionate Share of Net Pension Liability

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

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2019 (VD)	$ 20,000,215	$ 18,936,884	$ 1,063,331
Balance at: 6/30/2020 (MD)	21,873,918	20,287,788	1,586,130
Net Changes during 2019-20	1,873,703	1,350,904	522,799

Valuation Date (VD), Measurement Date (MD)

10) DEFINED BENEFIT PENSION PLAN (continued)

West Basin'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. West Basin's proportionate share of the net pension liability for the miscellaneous Plan as of the June 30, 2019 and 2020 measurement dates was as follows:.

Proportionate Share - June 30, 2019	0.02655%
Proportionate Share - June 30, 2020	0.03760%
Change - Increase (Decrease)	0.01105%

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents West Basin's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15 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 (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability/(Asset)	$ 4,497,014	$ 1,586,130	$ (819,043)

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

10) DEFINED BENEFIT PENSION PLAN (continued)

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2020 is 3.8 years, which was obtained by dividing the total service years of 548,581 (the sum of remaining service lifetimes of the active employees) by 145,663 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2019), West Basin's net pension liability was $1,063,331. For the measurement period ending June 30, 2020 (the measurement date), the Local Government incurred a pension expense of $1,110,135.

As of June 30, 2021, the West Basin 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	$ 81,738	$ -
Changes of Assumptions	-	11,313
Difference between Projected and Actual Earnings on Pension Plan Investments	47,118	-
Changes in employer's proportion	637,941	-
Differences between the employer's contributions and the employer's proportionate share of contributions	4,277	295,589
Pension Contributions Subsequent to Measurement Date	775,866	-
Total	$ 1,546,940	$ 306,902

10) DEFINED BENEFIT PENSION PLAN (continued)

The amounts above are net of outflows and inflows recognized in the 2019-20 measurement period expense. Contributions subsequent to the measurement date of $775,866 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows/(Inflows) of Resources
2022	$ 286,893
2023	106,580
2024	48,100
2025	22,599
2026	-
Thereafter	-

Payable to the Pension Plan

At June 30, 2021, West Basin reported a payable of $0 for the outstanding amount of contributions to the pension plan required for the year then ended.

PARS Plan:

General Information about the Pension Plan

Plan Description

West Basin has established a defined benefit, single-employer retirement plan that provides a pension benefit for full time elected or appointed Directors:

Tier I: Members retired from West Basin after July 1, 2002 and assumed office prior to January 1, 2013, who are at least age 50 with 5 or more years of continuous service, who have not been a CalPERS member prior to January 1, 2003.

Tier II: Members retired from West Basin after July 1, 2002 and assumed office prior to January 1, 2013, who have assumed office on or after January 1, 1995, who are at least age 55 with 12 or more years of continuous service, and who are not eligible for another District retiree benefit.

Tier III: Members assumed office on or after January 1, 2013, who are at least age 52 with 5 or more years of continuous service, and who have not been a CalPERS member prior to January 1, 2003.

This plan is administered for West Basin through a third party administrator, PARS. Copies of PARS' annual financial report may be obtained from its executive office at 4350 Von Karman Ave. Suite 100, Newport Beach, California 92660.

10) DEFINED BENEFIT PENSION PLAN (continued)

Benefits Provided

The pension benefit for Tier I members starts at 2% of the highest annual salary for 12 consecutive months of employment with West Basin at age 50, increases by 0.1% for each year after age of 50, and capped at 3% at 60. For Tier II members, the benefit is increased by a 2% annual Cost of Living Adjustment (COLA) after retirement with the annual Supplemental benefit of $5,000. West Basin contributes to each benefit on behalf of the eligible directors. For Tier III members, the benefit starts at 1% of the highest annual compensation paid during any 36 consecutive months, capped at 2.5% at age 67. The Tier III members contribute up to 50% of the normal cost which was 12.50% at June 30, 2020 the valuation date.

Employees Covered

At June 30, 2020 the valuation date, the following employees were covered by the benefit terms for the Plan:

	PARS
Inactive employees or beneficiaries currently receiving benefits	1
Terminated employees	1
Active employees	5
Total	7

Contribution Description

West Basin's funding policy is to make the contribution as determined by the Plan's actuary. The Plan's annual pension cost for the measurement period ending June 30, 2020, is based on an actuarial valuation as of June 30, 2020. For the fiscal year ending June 30, 2021, West Basin's annual pension expense was $45,518.

Actuarial Methods

The actuarial cost method used for this valuation is the Entry Age Normal (EAN) method. The Present Value of Projected Benefits (PVPB) is the present value of all future benefits for current plan participants. The Actuarial Accrued Liability (AAL) represents the portion of the PVPB attributable to past service. The AAL is recognized over service through the date a participant is expected to commence benefits.

10) DEFINED BENEFIT PENSION PLAN (continued)

The initial unfunded AAL for the original multiple employer plan was amortized over 20 years as of July 1, 2002 as a level percentage of expected payroll. Subsequent gains or losses are amortized over 15 years, and plan amendments, methods and assumption changes are amortized over 20 years. The maximum combined amortization period is 30 years. As of June 30, 2006, all West Basin Municipal Water District bases were combined into a single fresh start base amortized over 16 years, which was the remaining period of the initial UAL. Currently, 2 years remain on this base.

Plan funded status is based on the excess of (1) Actuarial Accrued Liability over (2) Plan assets. Actuarial assets are equal to market value assets, which is provided by PARS.

A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Valuation Date	June 30, 2020
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Asset Valuation Method	Set equal to Market Value of Assets
Actuarial Assumptions	
Discount Rate	5.25%
Salary increase	3.00%
Inflation	2.75%
Mortality Rate Table	CalPERS 1997-2015 experience study

10) DEFINED BENEFIT PENSION PLAN (continued)

The expected real rates of return by asset class are as follows:

Asset Class Component	Target Allocation Conservative	Expected Real Rate of Return
Global equity	29.00%	4.82%
Fixed income	65.00%	1.47%
REITs	1.00%	3.76%
Cash	5.00%	0.06%

Assumed long-term rate of inflation: 2.75%, Expected long-term net rate of return, rounded: 5.25%

Change of Assumptions

The mortality projection scale was updated to the Society of Actuaries Scale MP-2019.

Discount rate

The discount rate used to measure the total pension liability (asset) was 5.25 percent. West Basin chose a moderately conservative investment strategy when setting up the plan. The current 5.25 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 5.25 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 0.30 percent of assets. An investment return excluding administrative expenses would have been 5.54 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability (Asset).

10) DEFINED BENEFIT PENSION PLAN (continued)

Changes in net pension liability/(asset)

The following table shows the changes in net pension liability/(asset) recognized over the measurement period:

	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c)=(a)-(b)
Balance at 6/30/2019 (MD)	$ 1,358,050	$ 1,753,443	$ (395,393)
Changes Recognized for the Measurement Period			
• Service Cost	68,638	-	68,638
• Interest	74,493	-	74,493
• Changes of Benefit Terms	-	-	-
• Differences between Expected and Actual Experience	305,526	-	305,526
• Changes of Assumptions	(269,808)	-	(269,808)
• Contributions from the Employer	-	62,000	(62,000)
• Contributions from the Employee	-	6,935	(6,935)
• Net Investment Income	-	73,669	(73,669)
• Benefit Payments	(15,529)	(15,529)	-
• Administrative Expenses	-	(39,010)	39,010
Net Change during 2019-20	163,320	88,065	75,255
Balance at: 6/30/2020 (MD)	$ 1,521,370	$ 1,841,508	$ (320,138)

Valuation Date (VD), Measurement Date (MD)

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 5.25 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 (4.25 percent) or 1 percentage-point higher (6.25 percent) than the current rate:

	Discount Rate - 1% (4.25%)	**Current Discount Rate (5.25%)**	**Discount Rate + 1% (6.25%)**
PARS Plan's Net Pension Liability/(Asset)	$ (113,636)	$ (320,138)	$ (486,541)

10) DEFINED BENEFIT PENSION PLAN (continued)

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability/(asset) and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the Plan for the measurement date ending June 30, 2020 from the June 30, 2020 valuation date is 4.6 years, which was obtained by dividing the total service years of 28 (the sum of remaining service lifetimes of the active employees) by 7 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

10) DEFINED BENEFIT PENSION PLAN (continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2019), the Plan's net pension asset was $395,393. For the measurement period ending June 30, 2020 (the measurement date), the Plan incurred a pension expense of $45,518. A complete breakdown of the pension expense is as follows:

Description	Amount
Service Cost	$ 68,638
Interest	74,493
Projected Earnings on Investments	(92,484)
Employee Contributions	(6,935)
Administrative Expenses	39,010
Recognition of deferred outflows/(inflows):	
Experience	9,977
Assumptions	(61,163)
Asset returns	13,982
Total Pension Expense	$ 45,518

As of June 30, 2021, the Plan has deferred outflows and deferred inflows of resources related to pensions as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 239,107	$ 29,718
Changes of Assumptions	-	213,414
Net Difference between Projected and Actual Earnings on Pension Plan Investments	13,577	-
Pension Contributions Subsequent to Measurement Date	72,000	-
Total	$ 324,684	$ 243,132

These amounts above are net of outflows and inflows recognized in the 2019-20 measurement period expense. Contributions subsequent to the measurement date of $72,000 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

10) DEFINED BENEFIT PENSION PLAN (continued)

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2022	$ (20,159)
2023	14,066
2024	7,224
2025	8,421
2026	-
Thereafter	-

Payable to the Pension Plan

At June 30, 2021, the Plan reported a payable of $0 for the outstanding amount of contributions to the pension plan required for the year then ended.

11) OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

West Basin Municipal Water District provides postretirement medical benefits to employees who retire directly from West Basin under CalPERS under a single employer defined benefit post-employment benefits plan. To be eligible for District-paid healthcare benefits, retirees must be at least age 55 with 10 years of District service at retirement or meet the eligibility requirement of age 50 and the Rule of 75 (age plus CalPERS service equals 75, with a minimum of 5 years District service). For eligible retirees, West Basin pays the full medical and dental premiums, plus a reimbursement for out-of- pocket medical, dental, and vision expenses up to the active employees' reimbursement caps. Benefit provisions are established and amended by the Board of Directors.

Employees Covered

As of the June 30, 2019 the valuation date, the following current and former employees were covered by the benefit terms under the Plan:

Category	Count
Active employees	47
Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefit payments	-
Total	66

11) OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Contributions

The Plan and its contribution requirements are established by District's Administrative Code and may be amended by the Board of Directors. The annual contribution is based on the actuarially determined contribution. For the measurement period ended June 30, 2020, West Basin's cash contributions were $448,941 to the California Employers' Retiree Benefit Trust (CERBT), and the estimated implicit subsidy of $76,788 resulting in total payments of $525,729.

Net OPEB liability/(asset)

West Basin's net OPEB liability/(asset) was measured as of June 30, 2020, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation dated June 30, 2019, based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial cost method	Entry age normal cost, level percent of pay
Asset valuation method	Market value of assets
Discount Rate	7.10%
Inflation	2.75%
Salary Increases	3.25% - Per annum
Investment Rate of Return	7.10%
Mortality Rate	CalPERS 2017 experience assumptions; Mortality projections using MacLeod Watts Scale 2018 applied generationally.
Healthcare Trend Rate	6.5% to 5% Step 0.5%

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return
TIPS	5%	0.25%
Fixed Income	25%	1.10%
Global Equities	59%	4.80%
REIT's	8%	3.20%
Commodities	3%	1.50%
Total	100%	

11) OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Discount Rate

The discount rate used to measure the total OPEB liability/(asset) was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability/(asset).

Changes in the OPEB Liability/(asset)

The changes in the net OPEB liability/(asset) for the Plan are as follows:

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2020 (Measurement Date June 30, 2019)	$ 10,312,367	$ 11,503,458	$ (1,191,091)
Changes for the year:			
Service Cost	501,946	-	501,946
Interest	754,736	-	754,736
Changes of assumptions	(112,152)	-	(112,152)
Contributions - employer	-	368,456	(368,456)
Net investment income	-	406,373	(406,373)
Benefit payments	(368,456)	(368,456)	-
Administrative expenses	-	(5,632)	5,632
Net Changes	776,074	400,741	375,333
Balance at June 30, 2021 (Measurement Date June 30, 2020)	$ 11,088,441	$ 11,904,199	$ (815,758)

11) OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate

The following presents the net OPEB liability/(asset) of West Basin if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	1% Decrease 6.10%	Current Discount Rate 7.10%	1% Increase 8.10%
Net OPEB Liability	$ 808,808	$ (815,758)	$ (2,132,602)

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability/(asset) of West Basin if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	$ (2,341,022)	$ (815,758)	$ 1,214,579

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability/(asset) and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Difference between projected and actual trust earnings	5 years straight-line recognition
All other amounts	Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. In determining the EARSL, all active, retired and inactive (vested) members are counted, with the latter two groups having 0 remaining service years. (8.23 years at June 30, 2020).

11) OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021, West Basin recognized OPEB expense of $369,517. A complete breakdown of the OPEB expense is as follows:

Description		Amount
Service Cost	$	501,946
Interest		754,736
Projected Earnings on Investments		(816,546)
Employee Contributions		-
Administrative Expenses		5,632
Recognition of deferred outflows/(inflows):		
Experience		(150,210)
Assumptions		40,651
Asset returns		33,308
Total OPEB Expense	$	369,517

As of fiscal year ended June 30, 2021, West Basin reported deferred outflows of resources related to OPEB from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$	525,729	$	-
Changes of assumptions		617,482		689,586
Differences between expected and actual experience		-		874,678
Net difference between projected and actual earnings on OPEB plan investments		304,825		-
Total	$	1,448,036	$	1,564,264

The $525,729 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability/(asset) during the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30:		Deferred Outflows/(Inflows) of Resources
2022	$	(76,252)
2023		(20,013)
2024		(9,620)
2025		(36,244)
2026		(200,259)
Thereafter:		(299,569)

12) COMMITMENTS AND CONTINGENCIES

West Basin has entered into various contracts for the purchase of materials, construction of the utility plant, professional and nonprofessional services. Certain amounts are based on the contractor's estimated cost to complete. At June 30, 2021, the total unpaid amount on these contracts is $98 million.

West Basin is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

On October 6, 2020, the District reached a tentative settlement with respect to previous ongoing litigation. The settlement includes a potential reduction in future standby charges and also stipulates the District shall be responsible for various costs associated with the litigation and settlement agreement. These costs could potentially be in excess of $9 million. The court must approve the terms of this settlement and is not expected to have final approval until November 2021 at the earliest.

13) ASSOCIATED WITH WEST BASIN'S RECYCLED WATER PROGRAM

For West Basin's recycled water program, West Basin has entered into agreements with various entities that desire to use the recycled water that is produced by West Basin's recycled water treatment facilities.

These agreements entitle those parties to purchase a prescribed amount of recycled water. In return for access to such water, these parties have agreed to pay for the water actually supplied to that user at a rate annually established by West Basin for its recycled water customers.

Because of the significant contingencies associated with each of these agreements and in accordance with the revenue recognition criteria established for voluntary nonexchange transactions, capital contribution revenue and a related receivable was not accrued at the inception of the agreement.

14) PRIOR PERIOD ADJUSTMENT

As discussed in Note 1, West Basin implemented GASB Statement No. 84. Accordingly, beginning net position for the year ended June 30, 2021, has been restated as follows:

Fiduciary Fund	Amount
Net position, beginning of year, as previously stated	$ -
Prior period adjustment	87,739
Net position, beginning of year, as restated	$ 87,739

15) SUBSEQUENT EVENT

On August 23, 2021, the Board of Directors approved the sale of the Brewer desalter extraction well to Water Replenishment District (WRD) in the amount of $1,500,000. WRD's Board of Director approved the purchase of the extraction well on October 21, 2021. It is anticipated that the transfer will occur in 2022.

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Required Supplementary Information
Year Ended June 30, 2021
Last Ten Fiscal Years*

Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios – CalPERS

Measurement date	Employer's proportion of the collective net pension liability (asset) [1]	Employer's proportionate share of the collective net pension liability	Covered payroll	Employer's proportionate share of the collective net pension liability as a percentage of the employer's covered payroll	Pension plan's fiduciary net position as a percentage of the total pension liability
June 30, 2014	0.02076%	$ 1,259,725	$ 3,867,694	32.57%	85.90%
June 30, 2015	0.01910%	1,311,119	4,335,349	30.24%	87.60%
June 30, 2016	0.02226%	1,926,502	4,389,575	43.89%	84.60%
June 30, 2017	0.00752%	745,354	4,586,588	16.25%	95.20%
June 30, 2018	0.00672%	647,679	5,522,647	11.73%	96.30%
June 30, 2019	0.01038%	1,063,331	5,501,582	19.33%	94.70%
June 30, 2020	0.01458%	1,586,130	5,255,691	30.18%	92.75%

[1] Proportion of the collective net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

** Historical information is required only for measurement periods for which it is applicable. Future years' information will be displayed up to 10 years as information becomes available.*

Required Supplementary Information
Year Ended June 30, 2021
Last Ten Fiscal Years*

Schedule of Plan Contributions – CalPERS

Fiscal year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	$ 711,101	$ (711,101)	$ -	$ 4,335,349	16.40%
June 30, 2016	622,460	(622,460)	-	4,389,575	14.18%
June 30, 2017	613,167	(2,226,416)	(1,613,249)	4,586,588	48.54%
June 30, 2018	659,118	(659,118)	-	5,522,647	11.93%
June 30, 2019	684,280	(684,280)	-	5,501,582	12.44%
June 30, 2020	569,830	(569,830)	-	5,255,691	10.84%
June 30, 2021	775,866	(775,866)	-	5,786,304	13.41%

Notes to Schedule:

Change in Benefit Terms: None

Changes in Assumptions: For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

** Historical information is required only for measurement periods for which it is applicable. Future years' information will be displayed up to 10 years as information becomes available.*

Required Supplementary Information
Year Ended June 30, 2021
Last Ten Fiscal Years*

Schedule of Changes on Net Pension Liability and Related Ratios – PARS

	June 30,						
Measurement date	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
TOTAL PENSION LIABILITY							
Service Cost	$ 68,638	$ 66,639	$ 75,190	$ 73,000	$ 77,000	$ 75,000	$ 73,000
Interest	74,493	68,121	72,180	65,268	68,175	61,470	55,000
Difference between Expected and Actual Experience	305,526	-	(128,778)	-	(179,554)	-	-
Changes of Assumptions	(269,808)	-	(9,787)	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(15,529)	(15,224)	(14,926)	(14,633)	(14,346)	(18,745)	-
Net Change in Total Pension Liability	163,320	119,536	(6,121)	123,635	(48,725)	117,725	128,000
Total Pension Liability - Beginning	1,358,050	1,238,514	1,244,635	1,121,000	1,169,725	1,052,000	924,000
Total Pension Liability - Ending (a)	1,521,370	1,358,050	1,238,514	1,244,635	1,121,000	1,169,725	1,052,000
PLAN FIDUCIARY NET POSITION							
Contributions - Employer	62,000	61,000	78,000	76,000	87,000	90,583	115,000
Contributions - Employee	6,935	13,049	7,921	12,712	5,372	-	-
Investment Income	73,669	106,699	50,895	88,081	26,278	21,327	102,000
Administrative Expense	(39,010)	(26,960)	(38,243)	(22,240)	(36,201)	(23,956)	(33,000)
Benefit Payments, Including Refunds of Employee Contributions	(15,529)	(15,224)	(14,926)	(14,633)	(14,346)	(18,745)	-
Net Change in Fiduciary Net Position	88,065	138,564	83,647	139,920	68,103	69,209	184,000
Plan Fiduciary Net Position - Beginning	1,753,443	1,614,879	1,531,232	1,391,312	1,323,209	1,254,000	1,070,000
Plan Fiduciary Net Position - Ending (b)	1,841,508	1,753,443	1,614,879	1,531,232	1,391,312	1,323,209	1,254,000
PLAN NET PENSION LIABILITY - Ending (a) - (b)	$ (320,138)	$ (395,393)	$ (376,365)	$ (286,597)	$ (270,312)	$ (153,484)	$ (202,000)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	121.0%	129.1%	130.4%	123.0%	124.1%	113.1%	119.2%
Covered Payroll	$ 193,883	$ 184,906	$ 167,478	$ 179,740	$ 168,909	$ 139,328	$ 143,680
Plan Net Pension Liability as a Percentage of Payroll	-165.1%	-213.8%	-224.7%	-159.5%	-160.0%	-110.2%	-140.6%

Notes to schedule:

Changes in Benefit Terms: None

Changes in Assumptions: For measurement date June 30, 2020, the mortality projection scale was updated to the Society of Actuaries Scale MP-2019.

** Historical information is required only for measurement periods for which it is applicable. Future years' information will be displayed up to 10 years as information becomes available.*

Required Supplementary Information
Year Ended June 30, 2021
Last Ten Fiscal Years*

Schedule of Plan Contributions – PARS

Fiscal year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	$ 92,026	$ (92,026)	$ -	$ 139,328	66.05%
June 30, 2016	87,000	(87,000)	-	168,909	51.51%
June 30, 2017	76,000	(76,000)	-	179,740	42.28%
June 30, 2018	78,000	(78,000)	-	167,478	46.57%
June 30, 2019	61,000	(61,000)	-	184,906	32.99%
June 30, 2020	62,000	(62,000)	-	193,883	31.98%
June 30, 2021	72,000	(72,000)	-	174,109	41.35%

Notes to Schedule:

Valuation date:	June 30, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay
Remaining amortization period	16.7 years
Asset valuation method	Set equal to market value of assets
Inflation	2.75%
Salary increases	Aggregate 3% annually; individual increase are the lesser of 5% and inflation.
Investment rate of return	5.25%, net of pension plan investments expense, including inflation
Mortality	CalPERS 1997-2015 Experience Study

** Historical information is required only for measurement periods for which it is applicable. Future years' information will be displayed up to 10 years as information becomes available.*

Required Supplementary Information
Year Ended June 30, 2021
Last Ten Fiscal Years*

Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios

	June 30,			
Measurement date	**2020**	**2019**	**2018**	**2017**
Total OPEB Liability				
Service Cost	$ 501,946	$ 575,615	$ 534,301	$ 406,900
Interest on the Total OPEB Liability	754,736	811,988	735,231	616,794
Actual and expected experience difference	-	(1,020,285)	-	(207,291)
Changes in assumptions	(112,152)	(780,809)	282,757	895,541
Benefit payments	(368,456)	(269,960)	(242,988)	(181,950)
Net change in Total OPEB Liability	776,074	(683,451)	1,309,301	1,529,994
Total OPEB Liability - beginning	10,312,367	10,995,818	9,686,517	8,156,523
Total OPEB Liability - ending (a)	11,088,441	10,312,367	10,995,818	9,686,517
Plan Fiduciary Net Position				
Contribution - employer	368,456	615,957	616,651	410,213
Net investment income	406,373	667,630	748,339	891,549
Benefit payments	(368,456)	(269,960)	(242,988)	(181,950)
Administrative expense	(5,632)	(2,272)	(5,020)	(4,504)
Other	-	-	(12,420)	-
Net change in Plan Fiduciary Net Position	400,741	1,011,355	1,104,562	1,115,308
Plan Fiduciary Net Position - beginning	11,503,458	10,492,103	9,387,541	8,272,233
Plan Fiduciary Net Position - ending (b)	11,904,199	11,503,458	10,492,103	9,387,541
Net OPEB Liability/(Asset) - ending (a) - (b)	$ (815,758)	$ (1,191,091)	$ 503,715	$ 298,976
Plan fiduciary net position as a percentage of the total OPEB liability	107.36%	111.55%	95.42%	96.91%
Covered-employee payroll	$ 5,266,105	$ 5,135,869	$ 5,679,646	$ 5,038,972
Net OPEB liability as a percentage of covered-employee payroll	-15.49%	-23.19%	8.87%	5.93%

Notes to schedule:
Contributions are fixed and not based on a measure of pay, therefore covered-employee payroll is used in the schedule.

The following assumptions were changed from the prior valuation:

Demographic assumptions: Assumed termination, disability and retirement rates were updated to the rates in the most recent available experience study (2017) of the CalPERS program

Mortality Improvement: The mortality improvement scale was updated from MacLeod Watts Scale 2017 to the 2018 scale.

Healthcare trend: Medical plan premiums are assumed to increase at somewhat lower rates than assumed in the prior valuation between 2020 and 2024, increasing at a 0.5% slower rate per year compared to the prior valuation.

Excise Tax on high cost coverage: The valuation reflects the two year delay in the effective date from of the excise tax attributable to retirees for high cost healthcare plans under the Affordable Care Act. A the effective tax rate was reduced to 40%.

** Historical information is required only for measurement periods for which it is applicable. Future years' information will be displayed up to 10 years as information becomes available.*

Required Supplementary Information
Year Ended June 30, 2021
Last Ten Fiscal Years*

Schedule of OPEB Plan Contributions

Fiscal year	Actuarially determined contribution	Contributions in relation to the contractually determined contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of employee covered payroll
June 30, 2018	$ 596,625	$ (596,625)	$ -	$ 5,679,646	10.50%
June 30, 2019	615,957	(615,957)	-	5,135,869	11.99%
June 30, 2020	440,474	(368,456)	72,018	5,266,105	7.00%
June 30, 2021	453,711	(525,729)	(72,018)	5,696,201	9.23%

Notes to schedule:

Actuarial methods and assumptions used to set actuarially determined contributions for fiscal year 2021 were from the June 30, 2019 actuarial valuation.

Contributions are fixed and not based on a measure of pay, therefore covered-employee payroll is used in the schedule.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry age normal cost, level percent of pay
Amortization Methodology	Level percent of payroll over a closed 30 year period (18 years remaining)
Asset Valuation Method	Market value of assets
Inflation	2.75%
Payroll Growth	3.25%
Investment Rate of Return	7.10% per annum. Assumes investing in California Employers' Retiree Benefit Trust assets allocation Strategy 1
Healthcare Trend	6.50% in 2021 to 5.00% in steps of 0.50%
Retirement Age	50 to 75 years
Mortality	CalPERS 2017 Experience Study

** Historical information is required only for measurement periods for which it is applicable. Future years' information will be displayed up to 10 years as information becomes available.*

Statistical Section

This part of West Basin's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about West Basin's overall financial health.

Contents **Page**

Financial Trends

These schedules contain information to help the reader understand how West Basins' financial performance has changed over time.

Revenue Capacity

These schedules contain information to help the reader understand West Basins' revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of West Basins' current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic Information

These schedules offer demographic and economic information to help the reader understand the environment within which West Basin's financial activities take place.

Operating Information

These schedules contain information about West Basins' operations and infrastructure data to help the reader understand how West Basin's financial report relates to the services that West Basin Provides and the activities it performs.

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Table 1: Net Position
Last Ten Fiscal Years (In Thousands)

Fiscal Year Ended June 30	Net Investment In Capital Assets (1)	Unrestricted	Total Net Position (1)	
2012	$ 152,042	$ 62,585	$ 214,627	
2013	174,081	54,470	228,551	
2014	175,455	64,098	239,553	(2)
2015	155,923	75,248	231,171	(3)
2016	175,437	59,146	234,583	
2017	180,967	74,686	255,653	
2018	197,595	72,835	270,430	(4)
2019	224,356	60,335	284,691	
2020	223,890	70,790	294,680	
2021	207,047	96,692	303,739	

(1) In Fiscal Year 2013, West Basin adopted GASB No. 63, which reflects the name change on this table.

(2) In Fiscal Year 2014, West Basin adopted GASB No. 65, resulting in a prior year adjustment of $3.5M to write off all bond issuance costs.

(3) Fiscal Year 2015 beginning Net Position was restated for two reasons: (1) A prior year adjustment of $0.9M liability was recorded due to the implementation of GASB No. 68 (2) A prior year adjustment of $9.2M was made to reduce the capital assets that are no longer in service.

(4) Fiscal Year 2018 Beginning Net Position was restated (increased by $525,823) due to the implementation of GASB No. 75.

Table 2: Changes in Net Position
Last Ten Fiscal Years (In Thousands)

	Operating Revenue (Loss)			Nonoperating Revenue (Loss)				
Fiscal Year Ended June 30	Operating Revenues	Operating Expenses	Operating Revenue (Loss)	Standby Charges	Investment Income	Realized Gain (Swap Termination)	Grant Income Misc. Inc (Exp) Loss on Disposal	Interest Expense
	(1)	(2)			(3)	(4)	(5)	(6)
2012	$ 146,147	$ 147,932	$ (1,785)	$ 9,632	$ 1,323	$ 4,916	$ 549	$ (11,002)
2013	164,216	162,390	1,826	9,805	2,872	-	103	(9,209)
2014	179,224	180,710	(1,486)	9,683	234	-	274	(10,651)
2015	178,584	183,273	(4,689)	9,741	295	-	(120)	(11,139)
2016	177,192	177,763	(571)	9,655	506	-	(3,630)	(9,859)
2017	191,123	185,573	5,550	9,614	458	-	2,139	(8,161)
2018	204,923	193,347	11,576	10,038	848	-	(3,508)	(11,418)
2019	209,132	201,498	7,634	10,030	1,819	-	826	(10,860)
2020	205,282	205,034	248	9,987	2,209	-	697	(10,604)
2021	203,201	206,216	(3,015)	10,052	556	-	(1,050)	(10,071)

(1) Further detail is shown on Table 3 - "Operating Revenues by Source".

(2) Further detail is shown on Table 4 - "Operating Expenses by Source".

(3) In Fiscal Year 2013, West Basin sold a $12.1M guaranteed investment contract (GIC) investment for the 2003A Refunding Revenue Certificates of Participation debt service reserve fund and realized a gain of $2.0M. In Fiscal Year 2019 and 2020, Investment Income increased due to increases in interest rates and the duration of the investments.

(4) In Fiscal Year 2012, one interest rate swap was terminated resulting in a $4.9M realized gain.

(5) The District recognized $3.8M, $1.6M, $4.0 and $1.2M loss from disposition of capital assets in Fiscal Year 2016, 2017, 2018 and 2021, respectively. Also in Fiscal Year 2017, the District wrote-off a $3.6M liability resulting in $3.6M miscellaneous revenue.

(6) The interest expense declined in Fiscal Year 2012 and 2013 due to refunding of the 2003A Refunding Revenue Certificates of Participation and declined in Fiscal Year 2016 and 2017 due to refunding of the 2008B Refunding Revenue Certificates of Participation.

(7) In Fiscal Year 2011, 2017, 2018, 2019, and 2020, per GASB No. 53, the interest rate swap agreements did not conform to the hedge accounting criteria referred to as investment derivatives. The changes in fair value associated with investment derivative are reported as a gain or loss in the statement of revenues, expenses and changes in net position.

(8) Further detail is shown on Table 5 - "Capital Contributions by Source" with explanations of the nature of these contributions.

(Continued)

Nonoperating Revenue (Loss)				
Change in Fair Value of Swap (Nonhedged)	Total Nonoperating Revenue (Loss)	Income (Loss) Before Contributions	Capital Contributions	Change in Net Position
(7)			(8)	
$ -	$ 5,416	$ 3,631	$ 10,560	$ 14,191
-	3,569	5,395	8,528	13,923
-	(462)	(1,948)	16,447	14,499
-	(1,225)	(5,914)	7,663	1,749
-	(3,330)	(3,901)	7,302	3,401
713	4,763	10,313	10,758	21,071
806	(3,234)	8,342	5,909	14,251
(96)	1,719	9,353	4,908	14,261
(111)	2,178	2,426	7,562	9,988
479	(34)	(3,049)	12,110	9,061

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Table 3: Operating Revenues by Source
Last Ten Fiscal Years (In Thousands)

	Water Sales						
Fiscal Year Ended June 30	Water and Monitoring		Water Recycling		Desalting	Conservation	Total
	(1)		(2)		(3)	(4)	
2012	$ 114,974		$ 29,258		$ 1,074	$ 841	$ 146,147
2013	129,607		32,629		879	1,101	164,216
2014	135,310		42,151		790	973	179,224
2015	136,762		40,386		700	736	178,584
2016	136,338		39,539		815	500	177,192
2017	145,048		45,401		281	393	191,123
2018	155,312		49,444		76	91	204,923
2019	162,280		46,518		268	66	209,132
2020	161,574		43,429		144	135	205,282
2021	164,016	(5)	38,645	(5)	428	112	203,201

(1) Includes non-interruptible, seawater barrier, and Capacity Charge (CC). In Fiscal Year 2015, the monitoring revenues were grouped within this line item.

(2) Includes recycled sales and incentives from Metropolitan Water District of Southern California Local Resource Programs (LRP) which offers $250 incentive per acre-foot of the recycled water sold. This incentive ended March 31, 2020. Explanation of the fluctuations in recycled water sales is on Table 10 - "Recycled Water Sales in Acre-Feet".

(3) Includes desalting water sales and incentives from Metropolitan Water District of Southern California Groundwater Recovery Program (GRP) which offers $250 incentive per acre-foot of the desalting water sold. This incentive ended in Fiscal Year 2013. Sales were down between 2017 through 2020 due to the facility being shut down for major repairs.

(4) Monitoring revenue was grouped with Conservation in the prior years. In Fiscal Year 2015, it was reclassed to group with water revenue.

(5) The shift in sales between non-interruptible and recycled water sales was due to an increase demand in barrier sales as the County addressed operational items on the West Coast Barrier that impacted the District's ability to inject more recycled water into the barrier. The increase in non-interruptible sales was also due to the increase in the pass-through cost for the purchase of non-interruptible water.

Table 4: Operating Expenses by Source
Last Ten Fiscal Years (In Thousands)

Fiscal Year Ended June 30	Source of Supply & Monitoring	Water Recycling Costs	Desalting Operations	Public Information and Education	Water Policy and Conservation
	(1)	(2)	(3)	(4)	(4)
2012	$99,019	$23,595	$901	$4,940	$ 1,194
2013	110,530	27,103	892	4,731	1,612
2014	118,117	32,683	811	6,004	2,302
2015	116,723	34,512	870	2,906	3,163
2016	114,271	32,770	881	2,477	2,436
2017	118,289	35,651	592	2,754	3,001
2018	125,745	34,828	475	3,201	3,257
2019	132,387	37,576	774	2,988	2,784
2020	131,450	38,951	816	3,989	4,415
2021	131,137	38,031	934	3,759	3,909

(1) Includes water purchases from Metropolitan Water District of Southern California, Capacity Charges, and Readiness-to-Serve Charge. MWD rate adjustments are passed on to West Basin customers. Explanation of the fluctuations in source of supply is on Table 8 - "All Water Sold in Acre-Feet". In Fiscal Year 2015, monitoring program costs were added to this line item.

(2) Represents West Basin's costs to operate and maintain its recycling facilities.

(3) Represents West Basin's costs to operate and maintain its brackish desalting facility.

(4) The fluctuation in Fiscal Year 2014 was the result of organizational restructuring. In Fiscal Year 2015, monitoring expense was reclassed to be grouped with source of supply.

(5) In Fiscal Year 2018 Project Planning was created to capture costs such as district wide planning and cancelled capital projects.

(6) Fiscal Year 2016 to 2021 amounts only represent depreciation expense; amortization expenses are included in Interest Expense.

(Continued)

Project Planning (5)	Depreciation and Amortization (6)	Total Operating Expenses
$ -	$18,283	$147,932
-	17,522	162,390
-	20,793	180,710
-	25,099	183,273
-	24,928	177,763
-	25,286	185,573
653	25,188	193,347
1,343	23,646	201,498
1,310	24,103	205,034
1,978	26,468	206,216

Table 5: Capital Contributions by Source
Last Ten Fiscal Years (In Thousands)

Fiscal Year Ended June 30	Recycling Operations (1)	U.S. Army Corps of Engineers (2)	California Department of Water Resources (3)	Other (4)	Total
2012	$ 7,241	$ 2,398	$ 94	$ 827	$ 10,560
2013	7,360	-	-	1,168	8,528
2014	7,296	-	-	9,151	16,447
2015	7,240	-	-	423	7,663
2016	7,156	-	6	140	7,302
2017	7,075	1,641	720	1,322	10,758
2018	5,909	-	-	-	5,909
2019	4,805	-	66	37	4,908
2020	7,457	-	61	44	7,562
2021	8,385	-	-	3,725	12,110

(1) West Basin receives fixed payments from major recycled water customers based on contract terms. The capital costs of recycled water facilities are intended to cover the capital construction. Certain fixed payments will continue to Fiscal Year 2027. In Fiscal Year 2018, a contract with a major recycled customer expired, in spring 2020, this contract was renewed resulting in a full year of capital contributions in fiscal year 2021. In March 2021, the District renewed another refinery agreement to pay for current and future construction projects.

(2) Represents the contributed value of 75% of the construction costs related to the Harbor-South Bay Water Recycling Project are from a grant with the U.S. Army Corps of Engineers. To date, the total contributions received was $35M.

(3) West Basin received grants from the California Department of Water Resources (DWR) to assist with the design and construction of the expansion to the Edward C. Little Water Recycling Facility as well as seawater desalination project.

(4) West Basin received contributions from other agencies such as Los Angeles Department of Water & Power, Marathon (formerly Tesoro), Southern California Edison (SCE), and Metropolitan Water District of Southern California. In Fiscal Year 2014, West Basin received a capital reimbursement of $8.3M from NRG for the facilities and pipelines built to meet their recycled water demand. In Fiscal Year 2021, West Basin was donated two constructed pipelines valued at $3,569,000.

Table 6: Payors – Potable Water Sales
Current Year and Nine Years Prior (In Thousands)

Tables below show potable water sales to principal customers of West Basin (excluding the Meter Charges, Capacity Charges and late penalties)

2021

Customer	in US $	%
California Water Service (CalWater)	$ 76,913	49.8%
Golden State Water Company (GSWC)	30,432	19.7%
Los Angeles County Water Works (LA County)	12,445	8.1%
City of Inglewood	8,813	5.7%
City of El Segundo	7,870	5.1%
City of Manhattan Beach	6,910	4.5%
Water Replenishment District (WRD)	6,804	4.4%
City of Lomita	2,976	1.9%
California American Water Company (CAWC)	1,424	0.9%
Total	$ 154,587	100.0%

2012

Customer	in US $	%
California Water Service (CalWater)	$ 55,686	49.45%
Golden State Water Company (GSWC)	14,953	13.3%
City of El Segundo	10,929	9.7%
Los Angeles County Water Works (LA County)	8,734	7.8%
Water Replenishment District (WRD)	8,050	7.1%
City of Inglewood	7,616	6.8%
City of Manhattan Beach	3,449	3.1%
City of Lomita	2,319	2.1%
California American Water Company (CAWC)	883	0.8%
Total	$ 112,619	100.0%

Table 7: Payors – Recycled Water Sales
Current Year and Nine Years Prior (In Thousands)

Tables below show recycled water sales to principal customers of West Basin (excluding LRP rebate)

2021

Customer	in US $	%
Water Replenishment District (WRD)	$ 11,335	29.4%
City of El Segundo	9,890	25.7%
California Water Service (CalWater)	7,692	20.0%
City of Torrance	6,294	16.3%
L.A. Dept of Water & Power	1,211	3.1%
City of Inglewood	1,119	2.9%
Golden State Water Company (GSWC)	618	1.6%
City of Manhattan Beach	347	0.9%
Total	$ 38,506	100.0%

2012

Customer	in US $	%
City of El Segundo	$ 6,967	30.9%
California Water Service (CalWater)	5,355	23.8%
City of Torrance	4,981	22.1%
Water Replenishment District (WRD)	3,611	16.0%
L.A. Dept of Water & Power	635	2.8%
City of Inglewood	491	2.2%
Golden State Water Company (GSWC)	265	1.2%
City of Manhattan Beach	225	1.0%
Total	$ 22,530	100.0%

Table 8: All Water Sold in Acre-Feet
Last Ten Fiscal Years

This table presents a summary of water sold by West Basin MWD. Except for groundwater, West Basin delivers potable and recycled water to its customers within its service area and to two (2) additional customers outside its service area. Imported water is purchased from Metropolitan Water District of Southern California (MWD), however, West Basin produces and delivers potable desalted water and recycled water. The groundwater is delivered by a neighboring agency.

	Potable Water						
	Imported						
Fiscal Year Ended June 30	Non-Interruptible	Saltwater Barrier	Ground-water	Desalting	Total Potable Water	Recycled	All Water Deliveries
	(1)	(2)	(3)	(4)		(5)	
2012	105,309	8,057	38,152	958	152,476	27,659	180,135
2013	108,550	11,320	43,303	825	163,998	29,962	193,960
2014	111,659	9,285	42,294	817	164,055	36,720	200,775
2015	105,540	7,354	39,096	690	152,680	35,251	187,931
2016	103,638	3,681	31,635	779	139,733	35,003	174,736
2017	103,333	6,563	27,642	284	137,822	36,330	174,152
2018	106,601	7,740	33,917	50	148,308	37,060	185,368
2019	108,365	8,674	27,569	238	144,846	33,192	178,038
2020	105,686	6,950	28,667	124	141,427	34,340	175,767
2021	103,955	5,138	32,676	362	142,131	33,920	176,051

(1) The decline in non-interruptible potable sales between Fiscal Year 2015 and 2017 is the result of a statewide mandate to reduce consumption due to the prolonged drought. The decrease in non-interruptible potable sales in Fiscal Year 2020 and 2021 was largely due to customers pumping more groundwater.

(2) Saltwater Barrier sales are affected by fluctuations in recycled water sales and repairs performed by Los Angeles County.

(3) Groundwater does not represent water deliveries from West Basin. This information is included in the table above only for analysis. West Basin's deliveries of non-interruptible and saltwater barrier water are affected by the amount of groundwater pumped.

(4) The Desalting operation was shut down during portions of Fiscal Year 2017 to 2021 due to major rehabilitations.

(5) In Fiscal Year 2012 to 2013, recycled water sales fluctuated due to poor source water and other operational constraints. In Fiscal Year 2014, recycled water sales increased due to West Basin completion of the Phase V construction. The decrease in Fiscal Year 2015 was due to rehabilitation of the biofors and reduced capacity at one of the refineries. The decrease in Fiscal Year 2019 was due to the major repair work that was done by the LA County Sanitation District that interrupted sales to the barrier.

Table 9: All Water Sales to Customers in Acre-Feet
Last Ten Fiscal Years

The following table presents a summary of all water sales by West Basin to each retail agency for the last ten fiscal years.
Water sales include desalted, imported (non-interruptible and saltwater barrier), and recycled.

	2012	2013	2014	2015	2016
California Water Service (CalWater)	62,797	65,185	70,679	70,361	57,367
Water Replenishment District (WRD) (1)	14,587	23,679	21,657	19,757	17,358
City of El Segundo	17,848	17,144	16,681	17,387	16,782
Golden State Water Company (GSWC)	15,399	11,637	16,516	12,622	25,791
Los Angeles County Water Works (LA County)	8,802	9,234	10,090	9,182	7,932
City of Inglewood	8,327	9,021	9,028	8,174	7,458
City of Torrance	6,352	6,634	6,529	5,270	4,012
City of Lomita	2,336	2,275	1,788	1,463	1,374
City of Manhattan Beach	3,757	3,863	3,849	3,496	3,738
California American Water Company (CAWC)	902	1,019	667	238	415
L.A. Dept of Water & Power	876	966	998	886	874
Total (2)	141,983	150,657	158,482	148,836	143,101

(1) Sales decreased due to well & pipeline repairs in Fiscal Year 2012, 2016 and 2021.

(2) Overall sales decreased in Fiscal Year 2012 and again in Fiscal Year 2015 and 2016 due to local residents' response towards conservation/water efficiency programs to address drought conditions. In Fiscal Year 2020, West Basin sales declined to the City of Inglewood due to their adding a new groundwater well and to the City of Segundo purchasing less recycled water.

(Continued)

2017	2018	2019	2020	2021
58,216	60,431	60,213	59,581	59,974
19,577	20,788	18,412	20,034	16,132
16,482	16,335	17,078	14,953	14,952
24,272	21,830	24,211	23,607	21,909
8,414	8,809	7,839	7,856	8,753
7,127	8,117	8,261	6,205	7,094
5,037	6,685	5,887	5,424	5,447
1,549	1,416	1,520	2,004	2,093
4,582	4,788	4,794	4,868	5,135
428	1,397	1,426	1,696	1,004
825	855	829	870	882
146,509	151,451	150,470	147,098	143,375

Table 10: Recycled Water Sales in Acre-Feet
Last Ten Fiscal Years

Table below shows recycled water accounts and sales for the last ten fiscal years identified by the four largest purchasers and others.

Fiscal Year Ended June 30	Number of Accounts	Chevron Refinery (1)	Torrance Refinery (1)		Marathon Refinery (1)	Total Refineries (2)	West Coast Barrier (3)	Disinfected Tertiary (5)	Total
2012	376	6,397	6,060		5,019	17,476	6,530	3,653	27,659
2013	390	7,146	6,348		5,208	18,702	6,622	4,638	29,962
2014	394	7,891	6,167		5,572	19,630	12,372	4,718	36,720
2015	404	8,635	4,887	(4)	5,024	18,546	12,403	4,302	35,251
2016	424	8,290	3,596	(4)	5,183	17,069	13,677	4,256	35,002
2017	436	8,978	4,725		5,571	19,274	13,014	4,043	36,331
2018	475	8,454	6,231		4,751	19,436	13,047	4,577	37,060
2019	434	9,061	5,532		4,803	19,395	9,738	4,059	33,192
2020	446	8,006	5,128		4,014	17,148	13,084	4,671	34,339
2021	468	8,737	5,098		4,487	18,322	10,995	4,604	33,387

(1) Chevron refinery is located in the city of El Segundo, Torrance Refining Company (formerly Exxon Mobil Refinery) is located in Torrance, and Marathon (formerly Tesoro) is located in Carson.

(2) Recycled Water Sales include deliveries to refineries for nitrification, low and high pressure boiler feed. In Fiscal Year 2011, sales to all refineries were decreased due to water quality issues. In Fiscal Year 2020, sales to all refineries were decreased due to a combination of poor water quality during the 1st two quarters and the impact of COVID-19 pandemic on travel during the 4th quarter of the fiscal year.

(3) Low recycled water sales in Fiscal Year 2012 and 2013 were due to poor source water quality. In Fiscal Year 2014, sales increased due to the completion of the Phase V project. Sales decreased in Fiscal Years 2019 and 2021 due to repair work performed by LA County Sanitation District that impacted injections into West Coast Barrier.

(4) Sales to the Torrance Refining Company decreased in Fiscal Year 2015 and 2016 due to refurbishment of the biofors.

(5) Sales of Disinfected Tertiary recycled water are affected by the amount of precipitation and addition/deletion of recycled water customers. Sales in Fiscal Years 2020 and 2021 increased due to the addition of Dominguez Tech Center, SoFi Stadium and Hollywood Park.

West Basin Municipal Water District

Table 11: Average Water Rates Per Acre-Foot Last Ten Fiscal Years

Type of Water	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Purchased from MWD (1)										
Non-interruptible	$ 994	$1,063	$1,132	$1,188	$1,242	$1,301	$1,343	$1,370	$1,380	$1,423
Saltwater Barrier	994	1,063	1,132	1,188	1,242	1,301	1,343	1,370	1,380	1,423
Seasonal Storage - LT	721	865	-	-	-	-	-	-	-	-
West Basin Recycled Water (2)										
Recycled - Disinfected Tertiary	$ 775	$ 840	$ 908	$ 955	$1,005	$1,069	$1,105	$1,151	$1,186	$1,255
Recycled - Disinfected Tertiary- Outside Service Area	817	882	950	997	1,047	1,111	1,147	1,193	1,228	1,297
Recycled - Barrier	553	565	578	586	605	618	836	896	961	1,031
Recycled - Low Pressure Boiler Feed (3)	1,003	1,068	1,136	1,183	1,233	1,297	1,333	1,379	1,075	1,128
Recycled - High Pressure Boiler Feed (3)	1,359	1,424	1,492	1,539	1,589	1,653	1,689	1,735	856	893
Recycled - Nitrified	755	820	888	935	985	1,049	1,085	1,131	1,166	1,118
West Basin Desalting Plant (4)										
Desalted Water	$ 792	$ 840	$ 978	$1,019	$1,048	$1,078	$1,106	$1,133	$1,158	$1,186

(1) MWD Water rates are comprised of three components: Metropolitan Water District of Southern California (MWD) commodity charge, West Basin's reliability service charge, and the MWD's Readiness-to-Serve (RTS) Charge. The rates presented above represent the average rates for the period due to MWD changing its rates effective January 1st each year. In December 2012, MWD discontinued the Long-Term (LT) Seasonal Storage Program.

(2) West Basin Recycled Water Rates exclude MWD's Local Resources Program incentive of $250 per acre-foot of recycled water sold. For Disinfected Tertiary water sales within and outside West Basin's service area, rate decreases as the volume of recycled water purchases increases. Rates shown above are for purchases of 0 - 25 AF per month.

(3) West Basin negotiated an amendment to certain recycled water refinery agreements in both Fiscal Years 2020 and 2021, lowering the average rate for Boiler Feed and Nitrified recycled water.

(4) West Basin Desalting Plant Rates exclude MWD's Groundwater Recovery Program incentive of $250 per acre-foot of desalting water sold. This incentive ended in Fiscal Year 2013.

West Basin adopts its water rates annually by resolution.

Table 12: Imported Water Rates
For the Years Ended June 30, 2020 and 2021

Tables below delineate the fiscal years ended June 30, 2020 and 2021 water rates for West Basin and Metropolitan Water District of Southern California (MWD).

	MWD	Readiness-to-Serve Charge	West Basin Reliability Service Charge (1)	Total
Fiscal Year Ended June 30, 2020				
July 1, 2019 to December 31, 2019				
Non-Interruptible & Barrier (Tier 1)	$1,050	$98	$237	$1,385
Non-Interruptible & Barrier (Tier 2)	1,136	98	237	1,471
January 1, 2020 to June 30, 2020				
Non-Interruptible & Barrier (Tier 1)	$1,078	$90	$237	$1,405
Non-Interruptible & Barrier (Tier 2)	1,165	90	237	1,492
Fiscal Year Ended June 30, 2021				
July 1, 2020 to December 31, 2020				
Non-Interruptible & Barrier (Tier 1)	$1,078	$90	$237	$1,405
Non-Interruptible & Barrier (Tier 2)	1,165	90	237	1,492
January 1, 2021 to June 30, 2021				
Non-Interruptible & Barrier (Tier 1)	$1,104	$100	$237	$1,441
Non-Interruptible & Barrier (Tier 2)	1,146	100	237	1,483

(1) Reliability Service Charge did not increase due to West Basin adopting a new Fixed Service Charge in FY 2018-19.

Table 13: Outstanding Debt to Capital Assets Last Ten Fiscal Years (In Thousands)

Table below provides an overview of the ratio of the total capital assets to debt outstanding as of fiscal year-end. Total long-term (LT) debt includes certificates of participation, state loan, commercial paper line and refunding revenue bonds.

	TOTAL DEBT				CAPITAL ASSETS			
Fiscal Year Ended June 30 (1)	Certificates of Participation & Revenue Bonds	CP (2)	State Loan	Total LT Debt	Capitalized Assets (3)	Construction-in-Progress (4)	Total Capital Assets	Total Debt/ Capital Assets
2012	$327,023	$ -	$ -	$327,023	$520,501	$103,279	$623,780	0.52
2013	338,686	-	-	338,686	527,816	135,530	663,346	0.51
2014	329,755	-	-	329,755	590,272	63,152	653,424	0.50
2015	312,682	-	-	312,682	590,732	75,144	665,876	0.47
2016	295,831	-	-	295,831	599,282	79,015	678,297	0.44
2017	292,377	-	-	292,377	611,438	88,061	699,499	0.42
2018	279,300	-	-	279,300	611,756	109,785	721,541	0.39
2019	265,972	-	-	265,972	617,574	132,592	750,166	0.35
2020	252,232	10,000	-	262,232	684,791	74,983	759,774	0.35
2021	255,419	-	-	255,419	692,320	82,130	774,450	0.33

(1) Beginning with Fiscal Year 2012, premiums on outstanding revenue bonds and certificates of participation have been included in the outstanding debt along with the outstanding principal balances.

(2) A Commercial Paper Program was established in October 2018, however, the first draw occurred in July 2019. In Fiscal Year 2021 the balance was fixed out in conjunction with the 2021 refunding transaction.

(3) See details at "General Operating Information".

(4) Amounts include all of West Basin's Construction-in-Progress projects.

Table 14: Debt Per Capita
Last Ten Fiscal Years

Table below provides an overview of the ratio of the total debt outstanding as compared to West Basin's service area total population as of fiscal year-end.

Fiscal Year Ended June 30	Total LT Debt (1)	West Basin Population	Debt Per Capita
2012	$ 327,023,000	861,545	$ 380
2013	338,686,000	865,882	391
2014	329,755,000	870,219	379
2015	312,682,000	874,219	358
2016	295,831,000	877,798	337
2017	292,377,000	881,392	332
2018	279,300,000	882,000	317
2019	265,972,000	882,000	302
2020	262,232,000	882,000	297
2021	255,419,000	882,000	290

(1) Numbers are rounded to the nearest thousand.

Table 15: Annual Debt Payments to Expenses
Last Ten Fiscal Years (In Thousands)

Fiscal Year Ended June 30	Bond Refunding	Principal Payments		Interest Payments	Total Debt Payment	Operating Expenses	Ratio Debt/ Expenses
	(Info Only)	(1)		(1)			(3)
2012	$ 75,312	$ 10,760		$ 10,317	$ 21,077	$ 147,932	0.14
2013	-	19,785	(2)	8,612	28,397	162,390	0.17
2014	-	5,760	(2)	10,478	16,238	180,710	0.09
2015	-	15,592		13,569	29,161	183,273	0.16
2016	-	15,370		13,031	28,401	177,763	0.16
2017	27,309	9,290		12,120	21,410	185,573	0.12
2018	-	10,610		12,739	23,349	193,347	0.12
2019	-	11,000		12,161	23,161	201,498	0.11
2020	-	11,425		11,827	23,252	205,034	0.11
2021	80,241	11,835		9,915	21,750	206,216	0.11

(1) Data obtained from the Statement of Cash Flows.

(2) In Fiscal Year 2014, the Debt Payment decreased due to refunding of the 2003A Refunding Revenue Certificates of Participation.

(3) The impact of the ratio of debt payments to operating expenses may vary based on the refunding opportunties in any given year.

Table 16: Standby Charge and Capital Fixed Payments
Last Ten Fiscal Years (In Thousands)

Standby Charges and Fixed Capital Revenues are both revenues to West Basin. West Basin uses them to pay the debts incurred for the constructions and improvements of its recycled water facilities. For the past ten years, majority of West Basin's bonds were issued to finance the recycled water projects. The table below shows the information on these revenues as compared to debt service.

Fiscal Year Ended June 30	Standby Charge (1)	Capital Fixed Payments (2)	Total	Debt Payment Cash Basis (3)	% of Debt Service (4)
2012	9,632	7,241	16,873	21,077	80%
2013	9,805	7,360	17,165	28,397	60%
2014	9,683	7,296	16,979	16,238	105%
2015	9,741	7,240	16,981	29,161	58%
2016	9,655	7,156	16,811	28,401	59%
2017	9,614	7,075	16,689	21,410	78%
2018	10,038	5,909	15,947	23,349	68%
2019	10,030	4,908	14,938	23,161	64%
2020	9,987	7,562	17,549	23,252	75%
2021	10,052	8,420	18,472	21,750	85%

(1) Considered for approval annually by the Board, the Standby Charge is imposed by West Basin on land owners within its service area. The charge is collected by means of the property owner's tax bill through the County of Los Angeles. The Standby Charge was designed to help drought-proof the area through construction of recycled water distribution and treatment facilities.

(2) Fixed Capital Revenues are paid by Marathon/Tesoro, Chevron, Torrance Refining Company, and Los Angeles Department of Water and Power and are used to repay the cost of the treatment and distribution facilities that were constructed for delivery of recycled water to these entities. Amounts are based on contractual terms. These fixed revenues are reported as Capital Contribution in the basic financial statements, see Table 5 - "Capital Contribution By Source".

(3) During Fiscal Year 2012, West Basin refunded its 2003A Refunding Revenue Certificates of Participation which resulted in a lower debt payment in Fiscal Year 2014 and a higher debt payment in Fiscal Year 2013. Breakdown is shown on Table 15 - "Annual Debt Service to Expenses".

(4) Excludes the amount of bond refunding in any given year.

Table 17: Debt Coverage
Last Ten Fiscal Years (In Thousands)

	2012	2013	2014	2015	2016
Changes in Net Position (1)	$ 14,191	$ 13,923	$ 14,499	$ 1,749	$ 3,401
Add: Interest Expense	11,002	9,209	10,651	11,139	9,859
Add: Depreciation/Amortization	18,283	17,522	20,793	25,099	24,928
Less: Non-cash items (2)	(6,805)	(133)	(550)	764	3,652
Net Revenues for Coverage	$ 36,671	$ 40,521	$ 45,393	$ 38,751	$ 41,840
Parity Debt Service	$ 16,115	$ 17,790	$ 17,205	$ 17,695	$ 13,646
2003A Bonds	10,437	8,973	-	-	-
2008A Bonds	3,157	3,462	1,169	899	799
2010A Bonds	475	398	197	219	250
2011A Rev Bonds	1,427	1,788	1,788	1,792	1,437
2011B Rev Bonds	295	1,491	2,993	2,993	2,993
2012A Rev Bonds	241	1,621	4,220	4,389	4,390
2013A Rev Bonds	-	57	6,838	7,403	3,777
2016A Rev Bonds	-	-	-	-	-
2021A Rev Bonds	-	-	-	-	-
SWRCB Loan	83	-	-	-	-
Reserve Fund Earnings	**(763)**	**(681)**	**170**	**(1)**	**(2)**
Total Net Senior Debt Service	**$ 15,352**	**$ 17,109**	**$ 17,375**	**$ 17,694**	**$ 13,644**
Debt Coverage	**2.34**	**2.33**	**2.62**	**2.19**	**3.07**
Subordinate Debt Service	$ 8,817	$ 9,056	$ 8,993	$ 9,017	$ 9,058
2003B Bonds	-	-	-	-	-
2008B Bonds	8,817	9,056	8,993	9,017	9,058
2018 Commercial Paper	-	-	-	-	-
Reserve Fund Earnings	-	-	-	-	-
Total Net Subordinate Debt Service	$ 8,817	$ 9,056	$ 8,993	$ 9,017	$ 9,058
Debt Coverage	**2.33**	**2.51**	**3.13**	**2.34**	**3.11**
All-In Debt Coverage	**1.52**	**1.55**	**1.73**	**1.45**	**1.84**
Cash Available for Additional Subordinate Debt Service, Capital Projects and Other Purposes	$ 12,502	$ 14,356	$ 19,025	$ 12,040	$ 19,138

(1) See Table 2 - "Changes in Net Position" for more detail.

(2) Non-cash items represent grant funding from the U.S. Army Corps of Engineer, unrealized gains/losses, change in fair value of swap instruments, loss on disposition of assets, and nonroutine litigation settlements.

(Continued)

2017	2018	2019	2020	2021
$ 21,071	$ 14,251	$ 14,261	$ 9,988	$ 9,061
8,161	11,418	10,860	10,604	10,071
25,286	25,188	23,646	24,103	26,468
(636)	3,436	(308)	(358)	(2,466)
$ 53,882	$ 54,293	$ 48,459	$ 44,337	$ 43,134
$ 17,821	$ 19,422	$ 22,912	$ 23,292	$ 23,264
-	-	-	-	-
728	493	-	-	-
213	170	394	439	415
4,907	5,218	5,210	5,219	5,218
2,993	2,993	2,993	2,993	2,927
4,387	4,390	4,390	4,391	4,389
287	-	-	-	-
4,306	6,158	9,925	10,250	10,231
-	-	-	-	84
-	-	-	-	-
(6)	**(9)**	**(14)**	**(7)**	**-**
$ 17,815	**$ 19,413**	**$ 22,898**	**$ 23,285**	**$ 23,264**
3.02	**2.80**	**2.12**	**1.90**	**1.85**
$ 5,774	$ 4,120	$ 460	$ 171	$ 177
-	-	-	-	-
5,774	4,120	343	-	-
-	-	117	-	177
-	(1)	(1)	-	-
$ 5,774	$ 4,119	$ 459	$ 171	$ 177
6.25	**8.47**	**55.66**	**123.07**	**112.26**
2.28	**2.31**	**2.07**	**1.89**	**1.84**
$ 30,293	$ 30,761	$ 25,102	$ 20,881	$ 19,693

Table 18: Ten Largest Employers Within West Basin Service Area
Calendar Year 2020 and Nine Years Prior

Employer	2020 Number of Employees (1)	Rank	2011 Number of Employees	Rank
Boeing Satellite Systems Inc.	13,411	1	4,735	4
Northrop Grumman Corporation	10,604	2	5,645	3
Raytheon Company	6,000	3	7,302	1
Space Exploration Technologies	5,094	4	-	N/A
Aerospace Corporation	3,400	5	2,983	5
Sony Pictures Entertainment	3,000	6	6,000	2
Mattel, Inc.	1,545	7	1,615	7
Westfield Shoppingtown-Fox Hills	1,500	8	-	N/A
Amazon Fulfillment Center	1,500	9	-	N/A
PV Unified School District	1,461	10	1,350	8

Total Employment Within West Basin's Service Area (2): Not Available

Percentage of Each Employer of Total Employment Within West Basin Service Area (2): Not Available

(1) Most current available data.

(2) West Basin service area includes 17 cities and part of unincorporated coastal Los Angeles County. The total employment within our service area is not available therefore West Basin can not provide each employer’s percentage of the total employment.

Table 19: Population and Economic Statistics
Last Ten Calendar Years

Calendar Year	West Basin Population	LA County Population	Personal Income (In Thousands)	Per Capita Personal Income	Unemployment Rate
	(1)	(2)	(2)	(2)	(3)
2012	861,545	9,951,690	$ 486,733,508	$48,818	10.9%
2013	865,882	10,017,068	483,578,594	48,140	9.8%
2014	870,219	10,069,036	512,846,779	50,730	8.2%
2015	874,219	10,170,292	544,324,900	53,521	6.6%
2016	877,798	10,137,915	563,907,868	55,624	5.3%
2017	870,000	10,163,507	593,741,110	58,419	3.7%
2018	882,000	10,105,518	628,808,732	62,224	4.8%
2019	882,000	10,039,107	653,482,910	65,094	4.5%
2020	882,000	Not Available	Not Available	Not Available	19.6%
2021	882,000	Not Available	Not Available	Not Available	10.3%

(1) Data obtained from Water Policy and Resource Development Department.

(2) Data obtained from the Bureau of Economic Analysis. Information for Calendar year 2020 through 2021 is not available.

(3) Data obtained from the State of California Employment Development Department for Los Angeles County.

Demographics

Service Area

Estimated Total Population Served	882,000
Area	185 square miles

Division I – Represented by Harold C. Williams
Carson, Palos Verdes Estates, Rancho Palos Verdes, Rolling Hills Estates, Rolling Hills, and unincorporated Los Angeles County area of Rancho Dominguez

Division II – Represented by Director Gloria D. Gray
Inglewood, and unincorporated Los Angeles County areas of South Ladera Heights, and a portion of Lennox, West Athens, and Westmont

Division III – Represented by Director Desi Alvarez
Hermosa Beach, Lomita, Manhattan Beach, Redondo Beach and a portion of Torrance

Division IV – Represented by Director Scott Houston
Culver City, El Segundo, Malibu, West Hollywood, and unincorporated Los Angeles County areas of Del Aire, Lennox, Marina del Rey, North Ladera Heights, Topanga, View Park, Wiseburn, and Windsor Hills

Division V – Represented by Director Donald L. Dear
Gardena, Hawthorne, Lawndale and unincorporated Los Angeles County area of El Camino Village

Customers

Number of Direct Customers	11

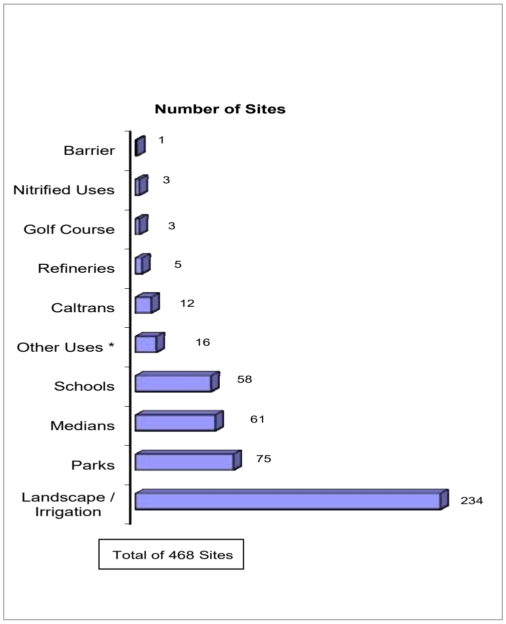
West Basin's direct customers are comprised of cities and retail water agencies that purchase potable non-interruptible water and recycled water for further sales to the end-user or use in the seawater barrier.

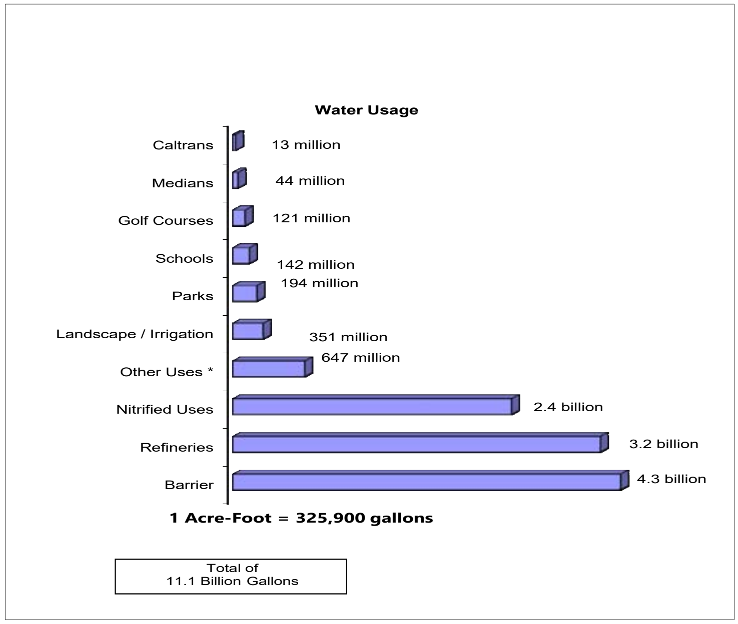
Annual Water Deliveries

Potable Water (including desalting)	109,455 acre-feet
Recycled Water	33,920 acre-feet

Recycled Water Users

Fiscal Year Ended June 30, 2021





Other Uses * $\left\{ \begin{array}{l} \text{Cemetery use} \\ \text{Multi-industrial / irrigation use} \\ \text{Construction use} \\ \text{College use} \\ \text{Draining / Sump Pumps use} \end{array} \right.$

General Operating Information
Fiscal Year Ended June 30, 2021

NUMBER OF BUDGETED FULL-TIME PERSONNEL

2012	36
2013	36
2014	40
2015	41
2016	43
2017	49
2018	56
2019	56
2020	56
2021	56

CERTIFICATIONS AND LICENSES HELD BY DISTRICT EMPLOYEES

Professional Engineer	6
Certified Public Accountant	3
Licensed attorneys	1
Masters Degree	15
State Water Certification:	
Distribution Operator	4
Treatment Plant Operator	6

General Operating Information (continued)
Fiscal Year Ended June 30, 2021

CAPITAL ASSETS (IN THOUSANDS)

	Recycling Facilities	Desalting	Machinery & Equipment	Construction-in-Progress	Admin. Facility	West Basin Capital Assets (1)
2012	$ 506,311	$ 4,904	$ 3,775	$ 103,279	$ 5,511	$ 623,780
2013	513,437	4,904	3,911	135,530	5,564	663,346
2014	576,537	4,041	3,349	63,152	6,345	653,424
2015	576,941	4,059	3,376	75,144	6,356	665,876
2016	585,211	4,079	3,625	79,015	6,367	678,297
2017	597,046	4,079	3,941	88,061	6,372	699,499
2018	597,661	4,079	3,484	109,785	6,532	721,541
2019	602,250	5,304	3,519	132,592	6,501	750,166
2020	669,343	5,346	3,601	74,983	6,501	759,774
2021	676,223	5,586	4,010	82,130	6,501	774,450

(1) Excludes accumulated depreciation. Total Capital Assets decreased in Fiscal Year 2014 as a result of a prior period adjustment in Fiscal Year 2015 due to the write-off of $27M of capital assets that were either disposed or no longer in service.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the Board of Directors
West Basin Municipal Water District
Carson, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the State Controller's *Minimum Audit Requirements for California Special Districts*, the financial statements of the business-type activities of the West Basin Municipal Water District (West Basin), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the West Basin's basic financial statements, and have issued our report thereon dated December 9, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Basin's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Basin's internal control. Accordingly, we do not express an opinion on the effectiveness of West Basin's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Basin's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 9, 2021

APPENDIX C

DEFINITIONS AND SUMMARY OF THE INDENTURE

The following is a summary of certain provisions of the Indenture which are not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the Indenture for a full and complete statement of the provisions thereof.

DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

<u>Definitions</u>. Unless the context otherwise requires, the terms defined in the Indenture will, for all purposes of the Indenture and of any indenture supplemental thereto and of any certificate, opinion or other document therein mentioned, have the meanings therein specified, to be equally applicable to both the singular and plural forms of any of the terms therein defined.

<u>Accountant's Report</u>. The term "Accountant's Report" means a report signed by an Independent Certified Public Accountant.

<u>Authorized Representative</u>. The term "Authorized Representative" means, with respect to the District, its President, Vice President, Secretary, Treasurer, General Manager, Executive Manager of Finance or any other person designated as an Authorized Representative of the District by a Certificate of the District signed by its President, Vice President, Secretary, Treasurer, General Manager or Executive Manager of Finance and filed with the Trustee.

<u>Bond Counsel</u>. The term "Bond Counsel" means Stradling Yocca Carlson & Rauth, a Professional Corporation, or another firm of nationally recognized attorneys experienced in the issuance of obligations the interest on which is excludable from gross income under Section 103 of the Code.

<u>Bonds</u>. The term "Bonds" means all revenue bonds or notes of the District authorized, executed, issued and delivered by the District, the payments of which are payable from Net Revenues on a parity with the 2022 Bonds and which are secured by a pledge of and lien on Revenues as described in the Indenture, including but not limited to the 2012A Bonds, the 2016A Bonds and the 2021A Bonds.

<u>Bond Year</u>. The term "Bond Year" means the period beginning on the date of issuance of the 2022 Bonds and ending on August 1, 2022, and each successive one year or, during the last period prior to maturity, shorter period thereafter until there are no Outstanding 2022 Bonds.

<u>Business Day</u>. The term "Business Day" means: (i) a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the State, or in any other state in which the Office of the Trustee is located, are closed; or (ii) a day on which the New York Stock Exchange is not closed.

<u>Certificate</u>; <u>Direction</u>; <u>Request</u>; <u>Requisition</u>. The terms "Certificate," "Direction," "Request" and "Requisition" of the District mean a written certificate, direction, request or requisition signed in the name of the District by its Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined will be read and construed as a single instrument. If and to the extent required by the Indenture, each such instrument will include the statements provided for therein.

<u>Closing Date</u>. The term "Closing Date" means the date on which the 2022 Bonds are delivered to the original purchaser thereof.

<u>Code</u>. The term "Code" means the Internal Revenue Code of 1986, as amended.

Continuing Disclosure Certificate. The term "Continuing Disclosure Certificate" means the Continuing Disclosure Certificate, dated the Closing Date, by the District, as originally executed or as it may be from time to time amended or supplemented in accordance with its terms.

Contracts. The term "Contracts" means all contracts of the District previously or subsequently authorized and executed by the District, the payments under which are payable from Net Revenues on a parity with the 2022 Bonds and which are secured by a pledge and lien on Revenues as described in the Indenture, including the 2004A Swap Agreement; and excluding contracts entered into for operation and maintenance of the Water System.

Corporation. The term "Corporation" means the West Basin Financing Corporation, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California.

Date of Operation. The term "Date of Operation" means, with respect to any uncompleted component of a Parity Project, the estimated date by which such uncompleted component of a Parity Project will have been completed and, in the opinion of an engineer, will be ready for operation by or on behalf of the District.

Debt Service. The term "Debt Service" means, for any period of calculation, the sum of: (1) the interest payable during such period on all outstanding Bonds, assuming that all outstanding serial Bonds are retired as scheduled and that all outstanding term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized or is reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program); (2) those portions of the principal amount of all outstanding serial Bonds maturing in such period (but excluding Excluded Principal); (3) those portions of the principal amount of all outstanding term Bonds required to be redeemed or paid in such period (but excluding Excluded Principal); and (4) those portions of the Contracts required to be made during such period (except to the extent the interest evidenced and represented thereby is capitalized or is reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program and excluding Excluded Principal); but less the earnings to be derived from the investment of moneys on deposit in debt service reserve funds established for Bonds or Contracts; provided that, as to any such Bonds or Contracts bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service will, for all purposes, be assumed to bear interest at a fixed rate equal to the higher of (i) the then current variable interest rate borne by such Bonds or Contracts plus 1%, and (ii) the average variable rate borne over the preceding 24 months by outstanding variable rate debt issued by the District or, if no such variable rate debt is at the time outstanding, by variable rate debt of which the interest rate is computed by reference to an index comparable to that to be utilized in determining the interest rate for the debt then proposed to be issued; provided further that if any series or issue of such Bonds or Contracts have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year (and such principal is not Excluded Principal), Debt Service will be determined for the period of determination as if the principal of and interest on such series or issue of such Bonds or Contracts were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of thirty (30) years from the date of calculation; provided further that, as to any such Bonds or Contracts or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Bonds or Contracts or portions thereof, such accreted discount will be treated as interest in the calculation of Debt Service; and provided further that if the Bonds or Contracts constitute Paired Obligations, the interest rate on such Bonds or Contracts will be the resulting linked rate or the effective fixed interest rate to be paid by the District with respect to such Paired Obligations but only if the applicable Paired Obligations satisfies the requirement set forth in the Indenture; and provided further that the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service will be deducted from the amount of principal due at the final maturity of the Bonds or Contracts for which such debt service reserve fund was established and to the extent the amount in such debt service reserve fund is in excess of such amount of principal, such excess will be applied to the full amount of principal due, in each preceding year, in descending order, until such amount is exhausted.

Depository; DTC. The term "Depository" or "DTC" means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York in its capacity as securities depository for the 2022 Bonds.

District. The term "District" means West Basin Municipal Water District, a municipal water district duly organized and existing under and by virtue of the laws of the State.

Event of Default. The term "Event of Default" means any of the events specified in the Indenture.

Excluded Principal. The term "Excluded Principal" means each payment of principal of any Bond or Contract for which there is on file with the Trustee (i) a certificate of an Independent Municipal Advisor to the effect that such Bond or Contract is commercial paper or otherwise of a revolving or short-term nature and has a maturity of less than 60 months and (ii) a certificate of the General Manager or Executive Manager of Finance to the effect that the District intends to pay such principal from the proceeds of Bonds or Contracts or other bonds, notes or other obligations of the District. No such determination will affect the security for such Bonds or Contracts or the obligation of the District to pay such Bonds or Contracts from Net Revenues.

Federal Securities. The term "Federal Securities" means any direct, noncallable general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or noncallable obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by the United States of America.

Fiscal Year. The term "Fiscal Year" means the twelve month period beginning on July 1 of each year and ending on the next succeeding June 30, both dates inclusive, or any other twelve month period later selected and designated as the official fiscal year period of the District.

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

Indenture. The term "Indenture" means the Indenture of Trust, dated as of January 1, 2022, by and between the District and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

Independent Certified Public Accountant. The term "Independent Certified Public Accountant" means any firm of certified public accountants appointed by the District, each of whom is independent of the District pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

Independent Municipal Consultant. The term "Independent Municipal Consultant" means a municipal advisor or firm of such municipal advisors appointed by the District, and who, or each of whom: (1) is in fact independent and not under domination of the District; (2) does not have any substantial interest, direct or indirect, with the District; (3) is not connected with the District as an officer or employee thereof, but who maybe regularly retained to make reports thereto; and (4) is registered as a "municipal advisor," as defined in Section 15B of the Securities Exchange Act of 1934, as amended.

Information Services. The term "Information Services" means the Municipal Securities Rulemaking Board; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the District may specify in a certificate to the Trustee and as the Trustee may select.

Initial Rating Requirement. The term "Initial Rating Requirement" means the rating requirement described in the Indenture.

Interest Account. The term "Interest Account" means the account by that name in the Payment Fund established pursuant to the Indenture.

Interest Payment Date. The term "Interest Payment Date" means August 1, 2022 and each February 1 and August 1 thereafter.

Investment Agreement. The term "Investment Agreement" means an investment agreement by a provider, supported by appropriate opinions of counsel, provided that, without limiting the foregoing, any such Investment Agreement will: (i) be from a provider rated by S&P or Moody's at "A-" or "A3", respectively, or above; (ii) require the District to terminate such agreement and immediately reinvest the proceeds thereof in other Permitted Investments if the rating assigned to the provider by S&P or Moody's falls to "BBB+" or "Baa1", respectively, or below; and (iii) expressly permit the withdrawal, without penalty, of any amounts necessary at any time to fund any deficiencies on account of debt service requirements with respect to the 2022 Bonds, together with such amendments as may be approved by the District and the Trustee from time to time.

Letter of Representations. The term "Letter of Representations" means the letter of the District and the Trustee delivered to and accepted by the Depository on or prior to delivery of the 2022 Bonds as book entry bonds setting forth the basis on which the Depository serves as depository for such book entry bonds, as originally executed or as it may be supplemented or revised or replaced by a letter from the District and the Trustee delivered to and accepted by the Depository.

Minimum Rating Requirement. The term "Minimum Rating Requirement" means the rating requirement described in the Indenture.

Moody's. The term "Moody's" means Moody's Investors Service, Inc. or any successor thereto.

Net Proceeds. The term "Net Proceeds" means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys fees) incurred in the collection of such proceeds.

Net Revenues. The term "Net Revenues" means, for any Fiscal Year, the Revenues for such Fiscal Year less the Operation and Maintenance Costs for such Fiscal Year. When held by the Trustee in any funds or accounts established under the Indenture, Net Revenues will include all interest or gain derived from the investment of amounts in any of such funds or accounts.

Nominee. The term "Nominee" means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to the Indenture.

Office. The term "Office" means with respect to the Trustee, the corporate trust office of the Trustee in Los Angeles, California, or such other or additional offices as may be specified in writing by the Trustee to the District, except that with respect to presentation of 2022 Bonds for payment or for registration of transfer and exchange such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency and operations business is conducted.

Operation and Maintenance Costs. The term "Operation and Maintenance Costs" means costs spent or incurred for maintenance and operation of the Water System determined in accordance with Generally Accepted Accounting Principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Water System in good repair and working order, and including administrative costs of the District that are charged directly or apportioned to the Water System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys, consultants or engineers and insurance premiums, and including all other reasonable and necessary costs of the District or charges (other than Debt Service) required to be paid by it to comply with the terms of the Indenture or any Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature.

Opinion of Counsel. The term "Opinion of Counsel" means a written opinion of counsel (including but not limited to counsel to the District) selected by the District. If and to the extent required by the provisions of the Indenture, each Opinion of Counsel will include the statements provided for in the Indenture.

Outstanding. The term "Outstanding," when used as of any particular time with reference to 2022 Bonds, means (subject to the provisions of the Indenture) all 2022 Bonds theretofore or thereupon being, authenticated and delivered by the Trustee under the Indenture except: (i) 2022 Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (ii) 2022 Bonds with respect to which all liability of the District has been discharged in accordance with the Indenture, including 2022 Bonds (or portions thereof) described therein; and (iii) 2022 Bonds for the transfer or exchange of or in lieu of or in substitution for which other 2022 Bonds have been authenticated and delivered by the Trustee pursuant to the Indenture.

Owner; 2022 Bond Owner. The term "Owner" or "2022 Bond Owner," whenever used in the Indenture with respect to a 2022 Bond, means the person in whose name the ownership of such 2022 Bond is registered on the Registration Books.

Paired Obligation Provider. The term "Paired Obligation Provider" means a party to a Paired Obligation other than the District.

Paired Obligations. The term "Paired Obligations" means any Bond or Contract (or portion thereof) designated as Paired Obligations in the resolution, indenture or other document authorizing the issuance or execution and delivery thereof, which are simultaneously issued or executed and delivered: (i) the principal of which is of equal amount maturing and to be redeemed or prepaid (or cancelled after acquisition thereof) on the same dates and in the same amounts; and (ii) the interest rates which, taken together, are reasonably expected to result in a fixed interest rate obligation of the District for the term of such Bond or Contract, as certified by an Independent Municipal Consultant in writing, and which comply with the provisions of the Indenture.

Parity Project. The term "Parity Project" means any additions, betterments, extensions or improvements to the District's Water System designated by the Board of Directors of the District as a Parity Project, the acquisition and construction of which is to be paid for with the proceeds of any Contracts or Bonds.

Participants. The term "Participants" means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds book entry certificates as securities depository.

Payment Fund. The term "Payment Fund" means the fund by that name established pursuant to the Indenture.

Permitted Investments. The term "Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein. The Trustee is entitled to rely upon the written investment direction of the District as a representation that such investment constitutes a legal investment under the laws of the State.

(a) for all purposes, including but not limited to defeasance investments in refunding escrow accounts: (1) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (2) below); (2) direct obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury, including REFCORP Interest STRIPS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America; and

(b) for all purposes other than defeasance investments in refunding escrow accounts: (1) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including the Export–Import Bank; Farmers Home Administration; General Services Administration; U.S. Maritime Administration; Government National Mortgage Association (GNMA); U.S. Department of Housing & Urban Development (PHA's); and Federal Housing Administration; (2) bonds, notes or other evidences of indebtedness rated at least "AA-" or "Aa3" by S&P or Moody's, respectively, issued by Fannie Mae or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years; (3) U.S. dollar denominated deposit accounts, certificates of deposit, federal funds and banker's acceptances with domestic commercial banks (including the Trustee) which are either insured by the Federal Deposit Insurance Corporation or have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank); (4) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P and "P-1" by Moody's and which matures not more than 270 days after the date of purchase; (5) investments in a money market fund rated "AAm", "AAAm" or "AAAm-G" or better by S&P, including such funds for which the Trustee or an affiliate acts as investment advisor or provides other services; (6) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice and which are rated, based on the escrow, in the highest rating category of S&P and Moody's; (7) any Investment Agreement; and (8) the Local Agency Investment Fund.

Principal Account. The term "Principal Account" means the account by that name in the Payment Fund established pursuant to the Indenture.

Rating. The term "Rating" means any currently effective rating on the 2022 Bonds issued by a Rating Agency.

Rating Agency. The term "Rating Agency" means Moody's.

Rebate Fund. The term "Rebate Fund" means the fund by that name established pursuant to the Indenture.

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

Redemption Date. The term "Redemption Date" means the date fixed for an optional redemption prior to maturity of the 2022 Bonds.

Redemption Fund. The term “Redemption Fund” means the fund by that name established pursuant to the Indenture.

Redemption Price. The term “Redemption Price” means, with respect to any 2022 Bond (or portion thereof), the principal amount of such 2022 Bond (or portion) plus the interest accrued to the applicable Redemption Date and the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such 2022 Bond and the Indenture.

Registration Books. The term “Registration Books” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the 2022 Bonds pursuant to the Indenture.

Responsible Officer of the Trustee. The term “Responsible Officer of the Trustee” means any officer within the global corporate trust department (or any successor group or department of the Trustee) including any vice president, assistant vice president, assistant secretary or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time will be such officers, respectively, with responsibility for the administration of the Indenture.

Revenue Fund. The term “Revenue Fund” means the fund by that name continued pursuant to the Indenture.

Revenues. The term “Revenues” means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Water System, determined in accordance with Generally Accepted Accounting Principles, including, without limiting the generality of the foregoing: (1) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the District from the sale, furnishing and supplying of the water or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Water System; plus (2) the proceeds of any stand-by or water availability charges; plus (3) the earnings on and income derived from the investment of the amounts described in clauses (1) and (2) above and the general unrestricted funds of the District, but excluding in all cases: (i) customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District; (ii) any proceeds of taxes restricted by law to be used by the District to pay bonds later issued; and (iii) amounts reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program).

S&P. The term “S&P” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, or any successor thereto.

Securities Depositories. The term “Securities Depositories” means The Depository Trust Company; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in a Written Request of the District deliver to the Trustee.

State. The term “State” means the State of California.

Supplemental Indenture. The term “Supplemental Indenture” means any indenture subsequently duly authorized and entered into between the District and the Trustee, supplementing, modifying or amending the Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized thereunder.

Tax Certificate. The term “Tax Certificate” means the Tax Certificate dated the Closing Date, concerning certain matters pertaining to the use and investment of proceeds of the 2022 Bonds issued by the District on the date of issuance of the 2022 Bonds, including any and all exhibits attached thereto.

Trustee. The term "Trustee" means U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under the laws of the United States of America, or its successor as Trustee under the Indenture as provided therein.

2004A Swap Agreement. The term "2004A Swap Agreement" means, collectively: (i) the International Swaps and Derivatives Association, Inc., Master Agreement, dated as of June 7, 2004, by and between Citibank, N.A., New York, and the District; (ii) the Schedule to the Master Agreement, dated as of June 7, 2004, by and between Citibank, N.A., New York, and the District; (iii) the Credit Support Annex to the Schedule to the Master Agreement, dated as of June 7, 2004, by and between Citibank, N.A., New York, and the District, (iv) the Confirmation to the Schedule to the Master Agreement, dated as of June 8, 2004, by and between Citibank, N.A., New York, and the District; and (v) the Amended and Restated Confirmation to the Schedule to the Master Agreement, dated as of May 22, 2008, by and between Citibank, N.A., New York, and the District.

2012 Indenture. The term "2012 Indenture" means the Indenture of Trust, dated as of March 1, 2012, by and between the District and the 2012 Trustee, pursuant to which the 2012A Bonds were issued.

2012 Trustee. The term "2012 Trustee" means U.S. Bank Trust Company, National Association, as trustee under the 2012 Indenture.

2012A Bonds. The term "2012A Bonds" means the West Basin Municipal Water District Refunding Revenue Bonds, Series 2012A outstanding from time-to-time.

2016A Bonds. The term "2016A Bonds" means the West Basin Municipal Water District Refunding Revenue Bonds, Series 2016A outstanding from time-to-time.

2021A Bonds. The term "2021A Bonds" means the West Basin Municipal Water District Refunding Revenue Bonds, Series 2021A, outstanding from time-to-time.

2022 Bonds. The term "2022 Bonds" means the West Basin Municipal Water District Refunding Revenue Bonds, Series 2022A issued by the District and at any time Outstanding pursuant to the Indenture.

Valuation Date. "Valuation Date" means the fifth Business Day preceding the date of redemption.

Value. The term "Value," which will be determined as of the end of each month, means that the value of any investments will be calculated as follows: (a) for the purpose of determining the amount of any fund, all Permitted Investments credited to such fund will be valued at fair market value. The Trustee will determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers include, but are not limited to, pricing services provided by Financial Times Interactive Data Corporation, Bank of America Merrill Lynch and Morgan Stanley Smith Barney. (b) As to certificates of deposit and bankers' acceptances: the face amount thereof, plus accrued interest. (c) As to any investment not specified above: market value, or, if the market value is not ascertainable by the District or the Trustee, at cost.

Water Service. The term "Water Service" means the water distribution service made available or provided by the Water System.

Water System. The term "Water System" means the whole and each and every part of the water system of the District, including the portion thereof existing on the date of the Indenture, and including all additions, betterments, extensions and improvements to such water system or any part thereof subsequently acquired or constructed, but not including any retail water distribution facilities unless the Board of Directors of the District determines by resolution that such facilities will be included in the Water System for purposes of the Indenture.

Written Consent of the District; Written Order of the District; Written Request of the District; Written Requisition of District. The terms "Written Consent of the District," "Written Order of the District," "Written Request of the District" and "Written Requisition of the District" mean, respectively, a written consent, order, request or requisition signed by or on behalf of the District by the President or General Manager or its Executive Manager of Finance or by the Secretary or by any two persons (whether or not members of the Board of Directors) who are specifically authorized by resolution of the District to sign or execute such a document on its behalf.

Content of Certificates and Opinions. Every certificate or opinion provided for in the Indenture except the certificate of destruction provided for therein, with respect to compliance with any provision thereof will include: (1) a statement that the person making or giving such certificate or opinion has read such provision and the definitions in the Indenture relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such person he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; (4) a statement of the assumptions upon which such certificate or opinion is based, and that such assumptions are reasonable; and (5) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the District may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel or an Independent Certified Public Accountant or Independent Financial Consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel or an Independent Certified Public Accountant or Independent Municipal Consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the District) upon a certificate or opinion of or representation by an officer of the District, unless such counsel or Independent Certified Public Accountant or Independent Municipal Consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the District, or the same counsel or Independent Certified Public Accountant or Independent Financial Consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of the Indenture, but different officers, counsel or Independent Certified Public Accountants or Independent Financial Consultants may certify to different matters, respectively.

THE 2022 BONDS

Registration Books. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the 2022 Bonds, which will upon reasonable notice and at reasonable times be open to inspection during regular business hours by the District and the Owners; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the 2022 Bonds as provided in the Indenture. The person in whose name any 2022 Bond is registered will be deemed the Owner thereof for all purposes of the Indenture, and payment of or on account of the interest on and principal and Redemption Price of by such 2022 Bonds will be made only to or upon the order in writing of such registered Owner, which payments will be valid and effectual to satisfy and discharge liability upon such 2022 Bond to the extent of the sum or sums so paid.

2022 Bonds Mutilated, Lost, Destroyed or Stolen. If any 2022 Bond becomes mutilated, the District, at the expense of the Owner of said 2022 Bond, will execute, and the Trustee will thereupon authenticate and deliver, a new 2022 Bond of like tenor, series and authorized denomination in exchange and substitution for the 2022 Bonds so mutilated, but only upon surrender to the Trustee of the 2022 Bond so mutilated. Every mutilated 2022 Bond so surrendered to the Trustee will be canceled by it and upon the Written Request of the District delivered to, or upon the order of, the District. If any 2022 Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee is given, the District, at the expense of the Owner, will execute, and the Trustee will thereupon authenticate and deliver, a new 2022 Bond of like tenor, series and authorized denomination in lieu of and in substitution for the 2022 Bond so lost, destroyed or stolen (or if any such 2022 Bond has matured or be about to mature, instead of issuing a substitute 2022 Bond, the Trustee may pay the same without surrender thereof). The District may require payment by the Owner of a sum not exceeding the actual cost of preparing each new 2022 Bond issued under the Indenture and of the expenses which may be incurred by the District and the Trustee in the premises. Any 2022 Bond issued under the provisions of the Indenture in lieu of any 2022 Bond alleged to be lost, destroyed or stolen will constitute an original additional contractual obligation on the part of the District whether or not the 2022 Bond so alleged to be lost, destroyed, or stolen be at any time enforceable by anyone, and will be entitled to the benefits of the Indenture with all other 2022 Bonds secured by the Indenture. Notwithstanding any other provision of the Indenture, in lieu of delivering a new 2022 Bond for a 2022 Bond which has been mutilated, lost, destroyed or stolen and which has matured or has been selected for redemption, the Trustee may make payment of such 2022 Bond upon receipt of indemnity satisfactory to the Trustee.

Book Entry System.

(a) Election of Book Entry System. Prior to the issuance of the 2022 Bonds, the District may provide that such 2022 Bonds will be initially issued as book entry 2022 Bonds. If the District elects to deliver any 2022 Bonds in book entry form, then the District will cause the delivery of a separate single fully registered bond (which may be typewritten) for each maturity date of such 2022 Bonds in an authorized denomination corresponding to that total principal amount of the 2022 Bonds designated to mature on such date. Upon initial issuance, the ownership of each such 2022 Bond will be registered in the 2022 Bond Registration Books in the name of the Nominee, as nominee of the Depository, and ownership of the 2022 Bonds, or any portion thereof may not thereafter be transferred except as provided in the Indenture.

With respect to book entry 2022 Bonds, the District and the Trustee 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 2022 Bonds. Without limiting the immediately preceding sentence, the District and the Trustee 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 2022 Bonds; (ii) the delivery to any Participant or any other person, other than an Owner as shown in the 2022 Bond Registration Books, of any notice with respect to book entry 2022 Bonds, including any notice of redemption; (iii) the selection by the Depository and its Participants of the beneficial interests in book entry 2022 Bonds to be redeemed in the event that the District redeems the 2022 Bonds in part; or (iv) the payment by the Depository or any Participant or any other person, of any amount of principal of, premium, if any, or interest on book entry 2022 Bonds. The District and the Trustee may treat and consider the person in whose name each book entry 2022 Bond is registered in the 2022 Bond Registration Books as the absolute Owner of such book entry 2022 Bond for the purpose of payment of principal of, premium and interest on such 2022 Bond, for the purpose of giving notices of redemption and other matters with respect to such 2022 Bond, for the purpose of registering transfers with respect to such 2022 Bond, and for all other purposes whatsoever. The Trustee will pay all principal of, premium, if any, and interest on the 2022 Bonds only to or upon the order of the respective Owner, as shown in the 2022 Bond Registration Books, or his respective attorney duly authorized in writing, and all such payments will 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 on the 2022 Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the 2022 Bond Registration Books, will receive a 2022 Bond evidencing the obligation to make payments of principal of, premium, if any, and interest on the 2022 Bonds. Upon delivery by the Depository to the District 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 Indenture with respect to Record Dates, the word Nominee in the Indenture will refer to such nominee of the Depository.

(b) Delivery of Letter of Representations. In order to qualify the book entry 2022 Bonds for the Depository's book entry system, the District and the Trustee (if required by the Depository) will execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations will not in any way impose upon the District or the Trustee any obligation whatsoever with respect to persons having interests in such book entry 2022 Bonds other than the Owners, as shown on the 2022 Bond Registration Books. By executing a Letter of Representations, the Trustee will agree to take all action necessary at all times so that the Trustee will be in compliance with all representations of the Trustee in such Letter of Representations. In addition to the execution and delivery of a Letter of Representations, the District and the Trustee will take such other actions, not inconsistent with the Indenture, as are reasonably necessary to qualify book entry 2022 Bonds for the Depository's book entry program.

(c) Selection of Depository. In the event that: (i) the Depository determines not to continue to act as securities depository for book entry 2022 Bonds; or (ii) the District determines that continuation of the book entry system is not in the best interest of the beneficial owners of the 2022 Bonds or the District, then the District will discontinue the book entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District will prepare or direct the preparation of a new single, separate, fully registered 2022 Bond for each of the maturity dates of such book entry 2022 Bonds, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in clause (e) below. If the District fails to identify another qualified securities depository to replace the Depository, then the 2022 Bonds will no longer be restricted to being registered in such 2022 Bond Registration Books in the name of the Nominee, but will be registered in whatever name or names the Owners transferring or exchanging such 2022 Bonds designate, in accordance with the provisions of the Indenture.

(d) Payments To Depository. Notwithstanding any other provision of the Indenture to the contrary, so long as all Outstanding 2022 Bonds are held in book entry form and registered in the name of the Nominee, all payments of principal of, redemption premium, if any, and interest on such 2022 Bond and all notices with respect to such 2022 Bond will be made and given, respectively to the Nominee, as provided in the Letter of Representations or as otherwise instructed by the Depository and agreed to by the Trustee notwithstanding any inconsistent provisions in the Indenture.

(e) Transfer of 2022 Bonds to Substitute Depository. (i) The 2022 Bonds will be initially issued as provided in the Indenture. Registered ownership of such 2022 Bonds, or any portions thereof, may not thereafter be transferred except: (A) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to clause (B) below ("Substitute Depository"); provided that any successor of DTC or Substitute Depository will be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any Substitute Depository, upon: (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository; or (2) a determination by the District that DTC (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository is qualified under any applicable laws to provide the services proposed to be provided by it; or (C) to any person as provided below, upon: (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository; or (2) a determination by the District that DTC or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(ii) In the case of any transfer pursuant to clause (A) or clause (B) above, upon receipt of all Outstanding 2022 Bonds by the Trustee, together with a Written Request of the District to the Trustee designating the Substitute Depository, a single new 2022 Bond, which the District will prepare or cause to be prepared, will be issued for each maturity of 2022 Bonds then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such

Written Request of the District. In the case of any transfer pursuant to clause (C) above, upon receipt of all Outstanding 2022 Bonds by the Trustee, together with a Written Request of the District to the Trustee, new 2022 Bonds, which the District will prepare or cause to be prepared, will be issued in such denominations and registered in the names of such persons as are requested in such Written Request of the District, subject to the limitations of the Indenture, provided that the Trustee is not required to deliver such new 2022 Bonds within a period of less than sixty (60) days from the date of receipt of such Written Request from the District.

(iii) In the case of a partial redemption or an advance refunding of any 2022 Bonds evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) will make an appropriate notation on such 2022 Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee, all in accordance with the Letter of Representations. The Trustee will not be liable for such Depository's failure to make such notations or errors in making such notations and the records of the Trustee as to the Outstanding principal amount of such 2022 Bonds will be controlling.

(iv) The District and the Trustee are entitled to treat the person in whose name any 2022 Bond is registered as the Owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the District; and the District and the Trustee have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the 2022 Bonds. Neither the District nor the Trustee have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any 2022 Bonds, and the Trustee may rely conclusively on its records as to the identity of the Owners of the 2022 Bonds.

VALIDITY OF 2022 BONDS

Validity of 2022 Bonds. The validity of the authorization and issuance of the 2022 Bonds is not dependent on and will not be affected in any way by any proceedings taken by the District or the Trustee with respect to any other agreement. The recital contained in the 2022 Bonds that the same are issued pursuant to the Constitution and laws of the State are conclusive evidence of the validity and of compliance with the provisions of law in their issuance.

REDEMPTION OF 2022 BONDS

Selection of 2022 Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the 2022 Bonds, the Trustee will select the 2022 Bonds for redemption as a whole or in part on any date as directed by the District and by lot within each maturity in integral multiples of $5,000 in accordance with the Indenture. The Trustee will promptly notify the District in writing of the numbers of the 2022 Bonds or portions thereof so selected for redemption.

Partial Redemption of 2022 Bonds. Upon surrender of any 2022 Bond redeemed in part only, the District will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the District, a new 2022 Bond or 2022 Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the 2022 Bonds surrendered and of the same series, interest rate and maturity.

Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price of, together with interest accrued to the date fixed for redemption on, the 2022 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the Redemption Date designated in such notice, the 2022 Bonds (or portions thereof) so called for redemption will become due and payable, interest on the 2022 Bonds so called for redemption will cease to accrue, said 2022 Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of said 2022 Bonds will have no rights in respect thereof except to receive payment of the Redemption Price thereof. The Trustee will, upon surrender for payment of any of the 2022 Bonds to be redeemed on their Redemption Dates, pay such 2022 Bonds at the Redemption Price. All 2022 Bonds redeemed pursuant to the provisions of the Indenture will be canceled upon surrender thereof.

REVENUES, FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

Pledge and Assignment; Revenue Fund. (a) All of the Revenues, all amounts held in the Revenue Fund described in the Indenture and any other amounts (including proceeds of the sale of the 2022 Bonds) held in any fund or account established pursuant to the Indenture (except the Rebate Fund) have been irrevocably pledged to secure the payment of the principal of and interest, and the premium, if any, on the 2022 Bonds in accordance with their terms and the provisions of the Indenture, and the Revenues will not be used for any other purpose while the 2022 Bonds remain Outstanding; provided that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted in the Indenture. Such pledge, together with the pledge created by all other Contracts and Bonds, constitutes a first lien on and security interest on Revenues and, subject to application of Revenues and all amounts on deposit therein as permitted in the Indenture, the Revenue Fund and other funds and accounts created thereunder for the payment of the principal of and interest, and the premium, if any, on the 2022 Bonds and all Contracts and Debt Service on Bonds in accordance with the terms thereof, and will attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act and will 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 Indenture.

(b) In order to carry out and effectuate the pledge and lien contained in the Indenture, the District has agreed and covenanted that all Revenues will be received by the District in trust and deposited when and as received in a special fund designated as the "Revenue Fund," which fund has been continued and which fund the District has agreed and covenanted to maintain and to hold separate and apart from other funds so long as the 2022 Bonds and any Contracts or Debt Service on Bonds remain unpaid. Moneys in the Revenue Fund will be used and applied by the District as provided in the Indenture. All moneys in the Revenue Fund will be held in trust and applied, used and withdrawn for the purposes set forth in the Indenture.

The District will, 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 will be set aside by the District at the following times for the transfer to the following respective special funds in the following order of priority:

(i) Interest and Principal Payments. Not later than the fifth Business Day prior to each Interest Payment Date, the District will, from the moneys in the Revenue Fund, transfer to the Trustee for deposit in the Payment Fund the payments of interest and principal on the 2022 Bonds due and payable on such Interest Payment Date. The District will also, from the moneys in the Revenue Fund, transfer to the applicable trustee for deposit in the respective payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other payments of interest and principal in accordance with the provisions of any Bond or Contract.

(ii) Reserve Funds. On or before each Interest Payment Date the District will, from the remaining moneys in the Revenue Fund, thereafter, without preference or priority and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the applicable trustee for such reserve funds and/or accounts, if any, as may have been established in connection with Bonds or Contracts, that sum, if any, necessary to restore such funds or accounts to an amount equal to the reserve requirement with respect thereto.

(iii) Surplus. Moneys on deposit in the Revenue Fund on any date when the District reasonably expects such moneys will not be needed for the payment of Operation and Maintenance

Costs or any of the purposes described in clauses (b)(i) or (b)(ii) may be expended by the District at any time for any purpose permitted by law.

(iv) Investments. All moneys held by the District in the Revenue Fund will be invested in Permitted Investments and the investment earnings thereon will remain on deposit in such fund, except as otherwise provided in the Indenture.

Allocation of Revenues. There has been established with the Trustee the Payment Fund, which the Trustee has covenanted to maintain and hold in trust separate and apart from other funds held by it so long as any principal of and interest on the 2022 Bonds remain unpaid. Except as directed in the Indenture, all payments of interest and principal on the 2022 Bonds received by the Trustee pursuant thereto will be promptly deposited by the Trustee upon receipt thereof into the Payment Fund; except that all moneys received by the Trustee and required to be deposited in the Redemption Fund will be promptly deposited therein. All payments of interest and principal on the 2022 Bonds deposited with the Trustee will be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture. The Trustee will also establish and hold an Interest Account and a Principal Account within the Payment Fund.

The Trustee will transfer from the Payment Fund and deposit into the following respective accounts, the following amounts in the following order of priority and at the following times, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) Not later than the Business Day preceding each Interest Payment Date, the Trustee will deposit in the Interest Account that sum, if any, required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such date on all 2022 Bonds then Outstanding. No deposit need be made into the Interest Account so long as there is in such fund moneys sufficient to pay the interest becoming due and payable on such date on all 2022 Bonds then Outstanding.

(b) Not later than the Business Day preceding each date on which the principal of the 2022 Bonds becomes due and payable under the Indenture, the Trustee will deposit in the Principal Account that sum, if any, required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the 2022 Bonds coming due and payable on such date or subject to mandatory sinking fund redemption on such date. No deposit need be made into the Principal Account so long as there is in such fund moneys sufficient to pay the principal becoming due and payable on such date on all 2022 Bonds then Outstanding.

Application of Interest Account. All amounts in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the 2022 Bonds as it becomes due and payable (including accrued interest on any 2022 Bonds purchased or accelerated prior to maturity pursuant to the Indenture).

Application of Principal Account. All amounts in the Principal Account will be used and withdrawn by the Trustee solely to pay the principal amount of the 2022 Bonds at maturity, mandatory sinking fund redemption, purchase or acceleration; provided, however, that at any time prior to selection for redemption of any such 2022 Bonds, upon written direction of the District, the Trustee will apply such amounts to the purchase of 2022 Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as will be directed pursuant to a Written Request of the District, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to the 2022 Bonds.

Application of Redemption Fund. There has been established with the Trustee a special fund designated as the "Redemption Fund." All amounts in the Redemption Fund will be used and withdrawn by the Trustee solely for the purpose of paying the Redemption Price of the 2022 Bonds to be redeemed on any Redemption Date pursuant to the Indenture; provided, however, that at any time prior to selection for redemption of any such 2022 Bonds, upon written direction of the District, the Trustee will apply such amounts to the purchase of 2022 Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as will be directed pursuant to a Written Request of the District, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to the 2022 Bonds.

Investments. All moneys in any of the funds or accounts established with the Trustee pursuant to the Indenture will be invested by the Trustee solely in Permitted Investments. Such investments will be directed by the District pursuant to a Written Request of the District filed with the Trustee at least two (2) Business Days in advance of the making of such investments (which directions will be promptly confirmed to the Trustee in writing). In the absence of any such directions from the District, the Trustee will invest any such moneys in Permitted Investments described in clause (b)(5) of the definition thereof; provided, however, that any such investment will be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee has received a written direction from the District specifying a specific money market fund and, if no such written direction from the District is so received, the Trustee will hold such moneys uninvested. Obligations purchased as an investment of moneys in any fund will be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture will be deposited in the Interest Account unless otherwise provided in the Indenture. For purposes of acquiring any investments thereunder, the Trustee may commingle funds (other than the Rebate Fund) held by it thereunder upon the Written Request of the District. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee will incur no liability for losses arising from any investments made pursuant to the Indenture.

The District acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the District periodic cash transaction statements which include detail for all investment transactions made by the Trustee under the Indenture.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee under the Indenture.

The District will invest, or cause to be invested, all moneys in any fund or accounts established with the Trustee as provided in the Tax Certificate.

For investment purposes, the Trustee may commingle the funds and accounts established under the Indenture, but will account for each separately. In making any valuations of investments thereunder, the Trustee may utilize and rely on computerized securities pricing services that may be available to the Trustee, including those available through the Trustee accounting system.

Rebate Fund.

(a) Establishment. The Trustee will establish a fund for the 2022 Bonds designated the "Rebate Fund." Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the 2022 Bonds will not be adversely affected, the District will cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Indenture and the Tax Certificate. All money at any time deposited in the Rebate Fund will be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund for the 2022 Bonds will be governed by the Indenture and the Tax Certificate, unless and to the extent that the District delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the 2022 Bonds will not be adversely affected if such requirements are not satisfied. Notwithstanding anything to the contrary contained in the Indenture or in the Tax Certificate, the Trustee: (i) will be deemed conclusively to have complied with the provisions thereof if it follows all Requests of the District; and (ii) will have no liability or responsibility to enforce compliance by the District with the terms of the Tax Certificate; and (iii) may rely conclusively on the District's calculations and determinations and certifications relating to rebate matters; and (iv) will have no responsibility to independently make any calculations or determinations or to review the District's calculations or determinations thereunder.

(i) Annual Computation. Within 55 days of the end of each Bond Year, the District will calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and the construction expenditures exception of Section 148(f)(4)(C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the "1½% Penalty") has been made), for such purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the "Rebatable Arbitrage"). The District will obtain expert advice as to the amount of the Rebatable Arbitrage to comply with the Rebate Fund provisions of the Indenture.

(ii) Annual Transfer. Within 55 days of the end of each Bond Year, upon the Written Request of the District, an amount will be deposited to the Rebate Fund by the Trustee from any Net Revenues legally available for such purpose (as specified by the District in the aforesaid Written Request), if and to the extent required so that the balance in the Rebate Fund will equal the amount of Rebatable Arbitrage so calculated in accordance with clause (i) above. In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon Written Request of the District, the Trustee will withdraw the excess from the Rebate Fund and then credit the excess to the Payment Fund.

(iii) Payment to the Treasury. The Trustee will pay, as directed by Written Request of the District, to the United States Treasury, out of amounts in the Rebate Fund: (A) Not later than 60 days after the end of: (X) the fifth Bond Year; and (Y) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; and (B) Not later than 60 days after the payment of all the 2022 Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code and Section 1.148-3 of the Treasury Regulations.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the District will calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant the Indenture will be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and will be accompanied by Internal Revenue Service Form 8038-T (prepared by the District), or will be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the 2022 Bonds and the payments described in clause (a) above being made may be withdrawn by the District and utilized in any manner by the District.

(c) Survival of Defeasance. Notwithstanding anything in the Indenture to the contrary, the obligation to comply with the Rebate Fund requirements of the Indenture will survive the defeasance or payment in full of the 2022 Bonds.

Application of Funds and Accounts When No 2022 Bonds are Outstanding. On the date on which all 2022 Bonds are retired under the Indenture or provision made therefor pursuant thereto and after payment of all amounts due the Trustee thereunder, all moneys then on deposit in any of the funds or accounts (other than the Rebate Fund) established with the Trustee pursuant to the Indenture will be withdrawn by the Trustee and paid to the District for use by the District at any time for any purpose permitted by law.

PARTICULAR COVENANTS

Punctual Payment. The District will punctually pay or cause to be paid the principal and interest to become due in respect of all of the 2022 Bonds, in strict conformity with the terms of the 2022 Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Net Revenues and other assets pledged for such payment as provided in the Indenture.

Extension of Payment of 2022 Bonds. The District will not directly or indirectly extend or assent to the extension of the maturity of any of the 2022 Bonds or the time of payment of any claims for interest by the purchase of such 2022 Bonds or by any other arrangement, and in case the maturity of any of the 2022 Bonds or the time of payment of any such claims for interest will be extended, such 2022 Bonds or claims for interest will not be entitled, in case of any default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full for the principal of all of the 2022 Bonds then Outstanding and of all claims for interest thereon which have not been so extended. Nothing in the Indenture limits the right of the District to issue Bonds for the purpose of refunding any Outstanding 2022 Bonds, and such issuance will not be deemed to constitute an extension of maturity of 2022 Bonds.

Against Encumbrances. The District will not make any pledge of or place any lien on Revenues or the moneys in the Revenue Fund except as provided in the Indenture. The District may at any time, or from time to time, execute Contracts or issue Bonds as permitted in the Indenture. The District may also at any time, or from time to time, incur evidences of indebtedness or incur other obligations for any lawful purpose which are payable from and secured by a pledge of lien on Revenues on any moneys in the Revenue Fund as may from time to time be deposited therein, provided that such pledge and lien will be subordinate in all respects to the pledge of and lien thereon provided in the Indenture.

Power to Issue 2022 Bonds and Make Pledge and Assignment. The District is duly authorized pursuant to law to issue the 2022 Bonds and to enter into the Indenture and to pledge and assign the Revenues and other assets purported to be pledged and assigned under the Indenture in the manner and to the extent provided in the Indenture. The 2022 Bonds and the provisions of the Indenture are and will be the legal, valid and binding special obligations of the District in accordance with their terms, and the District and the Trustee will at all times, subject to the provisions of the Indenture and to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the 2022 Bond Owners under the Indenture against all claims and demands of all persons whomsoever.

Accounting Records and Financial Statements. (a) The Trustee will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries are made of all transactions made by it relating to the proceeds of 2022 Bonds and all funds and accounts established by it pursuant to the Indenture. Such books of record and account will be available for inspection by the District upon reasonable prior notice during business hours and under reasonable circumstances. (b) The District will keep appropriate accounting records in which complete and correct entries are made of all transactions relating to the Water System, which records will be available for inspection by the Trustee (which has no duty to inspect such records) at reasonable hours and under reasonable conditions. (c) The District will prepare and file with the Trustee annually within two hundred seventy (270) days of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2021) financial statements of the District for the preceding Fiscal Year prepared in accordance with generally accepted accounting principles, together with an Accountant's Report thereon. The Trustee has no duty to review such financial statements.

Tax Covenants. Notwithstanding any other provision of the Indenture, and except as may otherwise be approved by an opinion of Bond Counsel that the exclusion from gross income of interest on the 2022 Bonds will not be adversely affected for federal income tax purposes, the District has covenanted to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income with respect to the 2022 Bonds and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The District will take no action or refrain from taking any action or make any use of the proceeds of the 2022 Bonds or of any other moneys or property which would cause the 2022 Bonds to be "private activity bonds" within the meaning of Section 141 of the Code;

(b) Arbitrage. The District will make no use of the proceeds of the 2022 Bonds or of any other amounts or property, regardless of the source, and will not take any action or refrain from taking any action which will cause the 2022 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code;

(c) Federal Guarantee. The District will make no use of the proceeds of the 2022 Bonds and will not take or omit to take any action that would cause the 2022 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code;

(d) Information Reporting. The District will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code necessary to preserve the exclusion of interest on the 2022 Bonds pursuant to Section 103(a) of the Code;

(e) Hedge Bonds. The District will make no use of the proceeds of the 2022 Bonds or any other amounts or property, regardless of the source, and will not take any action or refrain from taking any action that would cause the 2022 Bonds to be considered "hedge bonds" within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the 2022 Bonds for federal income tax purposes; and

(f) Miscellaneous. The District will take no action and will refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed by the District in connection with the issuance of the 2022 Bonds and will comply with the covenants and requirements stated therein and incorporated by reference in the Indenture.

The tax covenants in the Indenture are not applicable to, and nothing contained in the Indenture prevents the District from causing the Trustee to issue revenue bonds or to execute and deliver contracts payable on a parity with the 2022 Bonds, the interest with respect to which has been determined by Bond Counsel to be subject to federal income taxation.

Waiver of Laws. The District will not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time later in force that may affect the covenants and agreements contained in the Indenture or in the 2022 Bonds, and all benefit or advantage of any such law or laws has been expressly waived by the District to the extent permitted by law.

Further Assurances. The District will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Owners of the 2022 Bonds of the rights and benefits provided in the Indenture.

Budgets. On or prior to the fifteenth day of each Fiscal Year, the District will certify to the Trustee that the amounts budgeted for payment of the principal of and interest on the 2022 Bonds are fully adequate for the payment of all such payments for such Fiscal Year. If the amounts so budgeted are not adequate for the payment of the principal of and interest on the 2022 Bonds due under the Indenture, the District will take such action as may be necessary to cause such annual budget to be amended, corrected or augmented so as to include therein the amounts required to be raised by the District in the then ensuing Fiscal Year for the payment of the principal of and interest on the 2022 Bonds due under the Indenture and will notify the Trustee of the proceedings then taken or proposed to be taken by the District.

Observance of Laws and Regulations. To the extent necessary to assure its performance under the Indenture, the District will well and truly keep, observe and perform all valid and lawful obligations or regulations now or later imposed on the District by contract, or prescribed by any law of the United States of America, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or later acquired by the District, respectively, including its right to exist and carry on its business, to the end that such contracts, rights and franchises will be maintained and preserved, and will not become abandoned, forfeited or in any manner impaired.

Compliance with Contracts. The District will neither take nor omit to take any action under any contract if the effect of such act or failure to act would in any manner impair or adversely affect the ability of the District to pay principal of or interest on the 2022 Bonds; and the District will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in all other contracts affecting or involving the Water System, to the extent that the District is a party thereto.

Prosecution and Defense of Suits. The District will promptly, upon request of the Trustee or any 2022 Bond Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Water System or any part thereof, whether now existing or later developing, prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and indemnify and save the Trustee (including all of its employees, officers and directors), the Trustee and every 2022 Bond Owner harmless from all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

The District will defend against every suit, action or proceeding at any time brought against the Trustee (including all of its employees, officers and directors) or any 2022 Bond Owner upon any claim arising out of the receipt, application or disbursement of any of the payments of principal of or interest on the 2022 Bonds or involving the rights of the Trustee or any 2022 Bond Owner under the Indenture; provided that the Trustee or any 2022 Bond Owner at such party's election may appear in and defend any such suit, action or proceeding. The District will indemnify and hold harmless the Trustee and the 2022 Bond Owners against any and all liability claimed or asserted by any person, arising out of such receipt, application or disbursement, and indemnify and hold harmless the 2022 Bond Owners against any attorneys' fees or other expenses which any of them may incur in connection with any litigation (including pre-litigation activities) to which any of them may become a party by reason of ownership of 2022 Bonds. The District will promptly reimburse any 2022 Bond Owner in the full amount of any attorneys' fees or other expenses which such Owner may incur in litigation or otherwise in order to enforce such party's rights under the Indenture or the 2022 Bonds, provided that such litigation is concluded favorably to such party's contentions therein.

Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of its obligations under the Continuing Disclosure Certificate to be executed and delivered by the District in connection with the issuance of the 2022 Bonds. Notwithstanding any other provision of the Indenture, failure of the District to comply with the Continuing Disclosure Certificate will not be considered an Event of Default; however, any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with the foregoing obligation. For purposes of this paragraph, "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 2022 Bonds (including persons holding 2022 Bonds through nominees, depositories or other intermediaries).

Against Sale or Other Disposition of Property. The District will not enter into any agreement or lease which impairs the operation of the Water System or any part thereof necessary to secure adequate Revenues for the payment of the principal of and interest on the 2022 Bonds, or which would otherwise impair the operation of the Water System. Any real or personal property which has become nonoperative or which is not needed for the efficient and proper operation of the Water System, or any material or equipment which has become worn out, may be sold if such sale will not impair the ability of the District to pay the principal of and interest on the 2022 Bonds and if the proceeds of such sale are deposited in the Revenue Fund.

Nothing in the Indenture restricts the ability of the District to sell any portion of the Water System if such portion is immediately repurchased by the District and if such arrangement cannot by its terms result in the purchaser of such portion of the Water System exercising any remedy which would deprive the District of or otherwise interfere with its right to own and operate such portion of the Water System.

Against Competitive Facilities. To the extent that it can so legally obligate itself, the District has covenanted that it will not acquire, construct, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the District any water system competitive with the Water System.

Maintenance and Operation of the Water System. The District will maintain and preserve the Water System in good repair and working order at all times and will operate the Water System in an efficient and economical manner and will pay all Operation and Maintenance Costs as they become due and payable.

Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Revenues or the funds or accounts created under the Indenture or on any funds in the hands of the District pledged to pay the principal of or interest on the 2022 Bonds or to the Owners prior or superior to the lien under the Indenture.

Insurance. (a) The District will procure and maintain or cause to be procured and maintained insurance on the Water System with responsible insurers in such amounts and against such risks (including damage to or destruction of the Water System) as are usually covered in connection with facilities similar to the Water System so long as such insurance is available from reputable insurance companies.

In the event of any damage to or destruction of the Water System caused by the perils covered by such insurance, the Net Proceeds thereof will be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the Water System. The District will begin such reconstruction, repair or replacement promptly after such damage or destruction occurs, and will continue and properly complete such reconstruction, repair or replacement as expeditiously as possible, and pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same will be completed and the Water System will be free and clear of all claims and liens.

If such Net Proceeds exceed the costs of such reconstruction, repair or replacement portion of the Water System, and/or the cost of the construction of additions, betterments, extensions or improvements to the Water System, then the excess Net Proceeds will be applied in part to the redemption of 2022 Bonds as provided in the Indenture and in part to such other fund or account as may be appropriate and used for the retirement of Bonds and Contracts in the same proportion which the aggregate unpaid principal balance of

2022 Bonds then bears to the aggregate unpaid principal amount of such Bonds and Contracts. If such Net Proceeds are sufficient to enable the District to retire the entire obligation evidenced by the Indenture prior to the final due date of the 2022 Bonds as well as the entire obligations evidenced by Bonds and Contracts then remaining unpaid prior to their final respective due dates, the District may elect not to reconstruct, repair or replace the damaged or destroyed portion of the Water System, and/or not to construct other additions, betterments, extensions or improvements to the Water System; and thereupon such Net Proceeds will be applied to the redemption of 2022 Bonds as provided in the Indenture and to the retirement of such Bonds and Contracts.

(b) The District will procure and maintain such other insurance as it deems advisable or necessary to protect its interests and the interests of the 2022 Bond Owners, which insurance will afford protection in such amounts and against such risks as are usually covered in connection with municipal water systems similar to the Water System.

(c) Any insurance required to be maintained by paragraph (a) above and, if the District determines to procure and maintain insurance pursuant to paragraph (b) above, such insurance, may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with water systems similar to the Water System and is, in the opinion of an accredited actuary, actuarially sound.

Payment of Taxes and Compliance with Governmental Regulations. The District will pay and discharge all taxes, assessments and other governmental charges which may later be lawfully imposed upon the Water System, or any part thereof or upon the Revenues when the same become due. The District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Water System, or any part thereof, but the District is not required to comply with any regulations or requirements so long as the validity or application thereof is contested in good faith.

Collection of Rates and Charges. The District will have in effect at all times by-laws, rules and regulations requiring each customer to pay the rates and charges applicable to the Water Service and providing for the billing thereof and for a due date and a delinquency date for each bill.

Eminent Domain Proceeds. If all or any part of the Water System is taken by eminent domain proceedings, the Net Proceeds thereof will be applied as follows:

(a) If: (1) the District files with the Trustee a certificate showing: (i) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the District by reason of such eminent domain proceedings; (ii) a general description of the additions, betterments, extensions or improvements to the Water System proposed to be acquired and constructed by the District from such Net Proceeds; and (iii) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements; and (2) the District, on the basis of such certificate filed with the Trustee, determines that the estimated additional annual Net Revenues will sufficiently offset the estimated loss of annual Net Revenues resulting from such eminent domain proceedings so that the ability of the District to meet its obligations under the Indenture will not be substantially impaired (which determination will be final and conclusive), then the District will promptly proceed with the acquisition and construction of such additions, betterments, extensions or improvements substantially in accordance with such certificate and such Net Proceeds will be applied for the payment of the costs of such acquisition and construction, and any balance of such Net Proceeds not required by the District for such purpose will be deposited in the Revenue Fund.

(b) If the foregoing conditions are not met, then such Net Proceeds will be applied by the District in part to the redemption of 2022 Bonds as provided in the Indenture and in part to such other fund or account as may be appropriate and used for the retirement of Bonds and Contracts in the same proportion which the aggregate unpaid principal balance of 2022 Bonds then bears to the aggregate unpaid principal amount of such Bonds and Contracts.

Enforcement of Contracts. The District will not voluntarily consent to or permit any rescission of, nor will it consent to any amendment to or otherwise take any action under or in connection with any contracts previously or later entered into if such rescission or amendment would in any manner impair or adversely affect the ability of the District to pay principal of and interest on the 2022 Bonds.

EVENTS OF DEFAULT AND REMEDIES OF 2022 BOND OWNERS

Events of Default. The following events will be Events of Default under the Indenture: (a) Default by the District in the due and punctual payment of the principal of any 2022 Bonds, the principal of any Bonds or the principal with respect to any Contract, when and as the same become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise. (b) Default by the District in the due and punctual payment of any installment of interest on any 2022 Bonds, any installment of interest on any Bond or any installment of interest with respect to any Contract, when and as the same become due and payable. (c) Default by the District in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the 2022 Bonds, or required by any Bond or indenture relating thereto or by any Contract, if such default continues for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, has been given to the District by the Trustee or by the Owners of not less than a majority in aggregate principal amount of 2022 Bonds Outstanding, a majority in principal amount of such Bond outstanding, or a majority in principal amount outstanding with respect to such Contract, as applicable; provided, however, that if in the reasonable opinion of the District the default stated in the notice can be corrected, but not within such sixty (60) day period and corrective action is instituted by the District within such sixty (60) day period and diligently pursued in good faith until the default is corrected such default will not be an Event of Default. (d) The District files a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction will approve a petition filed with or without the consent of the District seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction assumes custody or control of the District or of the whole or any substantial part of its property. (e) Payment of the principal of any Bond or with respect to any Contract is accelerated in accordance with its terms.

Remedies Upon Event of Default. If any Event of Default specified clauses (d) or (e) occur and are continuing, the Trustee will, and for any other Event of Default, the Trustee may, and, at the written direction of the Owners of not less than a majority in aggregate principal amount of the 2022 Bonds at the time Outstanding, will, in each case, upon notice in writing to the District, declare the principal of all of the 2022 Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same will become and be immediately due and payable, anything in the Indenture or in the 2022 Bonds contained to the contrary notwithstanding. Nothing contained in the Indenture permits or requires the Trustee to accelerate payments due under the Indenture if the District is not in default of its obligation thereunder.

Any such declaration is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due has been obtained or entered, the District deposits with the Trustee a sum sufficient to pay all the principal of and installments of interest on the 2022 Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective 2022 Bonds to the extent permitted by law, and the reasonable charges and expenses of the Trustee, or deposits with the applicable trustee with respect to any Contract a sum sufficient to pay all the principal and installments of interest with respect to such Contract payment of which is overdue, with interest on such overdue principal at the rate borne by such Contract to the extent permitted by law, and the reasonable charges and expenses of the applicable trustee with respect to such Contract, or deposits with the applicable trustee with respect to any Bond a sum sufficient to pay all the principal of and installment of interest on such Bond payment of which is overdue, with interest on such overdue principal at the rate borne by such Bonds to the extent permitted by law, and the reasonable charges and expenses of the applicable trustee with respect to such Bonds, and any and all other Events of Default known to the Trustee or the applicable trustee with respect to such Contract or Bonds (other than in the payment of principal of and interest on the 2022 Bonds, payment of principal and interest with respect to such Contract or payment of principal and interest on such Bond, as applicable, due and payable solely by reason of such declaration) have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate have been made therefor, then, and in every such case the Trustee will on behalf of the Owners of all of the 2022 Bonds, rescind and annul such declaration and its consequences and waive such Event of Default; but no such rescission and annulment will extend to or affect any subsequent Event of Default, or impair or exhaust any right or power consequent thereon.

Application of Revenues and Other Funds After Default. If an Event of Default occurs and is continuing, all Revenues held or thereafter received by the Trustee and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture (other than amounts held in the Rebate Fund) will be applied in the following order: (i) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the 2022 Bonds, Contract or Bonds and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel, agents and advisors) incurred in and about the performance of its powers and duties under the Indenture; (ii) To the payment of Operation and Maintenance Costs; and (iii) To the payment of the principal of and interest then due on the 2022 Bonds (upon presentation of the 2022 Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid), in accordance with the provisions of the Indenture, the payment of the principal and interest then due with respect to such Contract in accordance with the provisions thereof and the payment of the principal of and interest then due on such Bonds in accordance with the provisions thereof and of any indenture related thereto, in the following order of priority: First: To the payment to the persons entitled thereto of all installments of interest then due on the 2022 Bonds, with respect to such Contract or on such Bonds, as applicable, in the order of the maturity of such installments, and, if the amount available is not sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and Second: To the payment to the persons entitled thereto of the unpaid principal of any 2022 Bonds, principal with respect to such Contract or principal of any Bonds, as applicable, which have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate of eight percent (8%) per annum, and, if the amount available is not sufficient to pay in full all the 2022 Bonds, all amounts due under such Contract or all the Bonds, as applicable, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and Third: If there exists any remainder after the foregoing payments, such remainder will be paid to the District.

Trustee to Represent 2022 Bond Owners. The Trustee has been irrevocably appointed (and the successive respective Owners of the 2022 Bonds, by taking and holding the same, will be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney in fact of the Owners of the 2022 Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the 2022 Bonds or the Indenture and applicable provisions of law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the 2022 Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the 2022 Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, will proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it deems most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power therein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the 2022 Bonds or the Indenture or any law; and upon instituting such proceeding, the Trustee will be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under the Indenture, pending such proceedings. All rights of action under the Indenture or the 2022 Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the 2022 Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee will be brought in the name of the Trustee for the benefit and protection of all the Owners of such 2022 Bonds, subject to the provisions of the Indenture.

2022 Bond Owners' Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the 2022 Bonds then Outstanding have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction to direct the method of conduct in all remedial proceedings taken by the Trustee under the Indenture, provided that such direction will not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee has the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to 2022 Bond Owners not parties to such direction.

Suit by Owners. No Owner of any 2022 Bonds has the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture with respect to the 2022 Bonds, unless: (a) such Owners have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of not less than fifty percent (50%) in aggregate principal amount of the 2022 Bonds then Outstanding have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee has failed to comply with such request for a period of sixty (60) days after such written request has been received by, and said tender of indemnity has been made to, the Trustee; and (e) no direction inconsistent with such written request has been given to the Trustee during such sixty (60) day period by the Owners of a majority in aggregate principal amount of the 2022 Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are, in every case, conditions precedent to the exercise by any Owner of 2022 Bonds of any remedy under the Indenture or under law; it being understood and intended that no one or more Owners of 2022 Bonds have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners of 2022 Bonds, or to enforce any right under the 2022 Bonds, the Indenture, or applicable law with respect to the 2022 Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right will be instituted, had and maintained in the manner provided in the Indenture and for the benefit and protection of all Owners of the Outstanding 2022 Bonds, subject to the provisions of the Indenture.

Absolute Obligation of the District. Nothing in the Indenture or in the 2022 Bonds will affect or impair the obligation of the District, which is absolute and unconditional, to pay the principal of and interest on the 2022 Bonds to the respective Owners of the 2022 Bonds at their respective dates of maturity, or upon call for redemption, as provided in the Indenture, but only out of the Revenues and other assets therein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the 2022 Bonds.

Remedies Not Exclusive. No remedy conferred upon or reserved to the Trustee or to the Owners of the 2022 Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, will be cumulative and in addition to any other remedy given under the Indenture or now or later existing at law or in equity or otherwise.

No Waiver of Default. No delay or omission of the Trustee or of any Owner of the 2022 Bonds to exercise any right or power arising upon the occurrence of any Event of Default will impair any such right or power or be construed to be a waiver of any such Event of Default or an acquiescence therein.

THE TRUSTEE

Duties, Immunities and Liabilities of Trustee. (a) The Trustee will, prior to an Event of Default, and after the curing or waiving of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in the Indenture and no implied covenants or duties will be read into the Indenture against the Trustee. The Trustee will, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) The District may remove the Trustee at any time, unless an Event of Default has occurred and is then continuing, and will remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the 2022 Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee ceases to be eligible in accordance with the Indenture, or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property is appointed, or any public officer takes control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon will promptly appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the District and by giving the 2022 Bond Owners notice of such resignation by mail at the addresses shown on the Registration Books. Upon receiving such notice of resignation, the District will promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee will become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee has been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any 2022 Bond Owner (on behalf of himself and all other 2022 Bond Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture will signify its acceptance of such appointment by executing and delivering to the District and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, will become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the Indenture; but, nevertheless at the Written Request of the District or the request of the successor Trustee, such predecessor Trustee will execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Indenture. Upon request of the successor Trustee, the District will execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in the Indenture, the District will mail or cause the successor trustee to mail a notice of the succession of such Trustee to the trusts under the Indenture to the rating agency which is then rating the 2022 Bonds and to the 2022 Bond Owners at the addresses shown on the Registration Books. If the District fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee will cause such notice to be mailed at the expense of the District.

(e) Any Trustee appointed under the provisions of the Indenture in succession to the Trustee will be a trust company, banking association or bank having the powers of a trust company, having a combined capital and surplus of at least Seventy Five Million Dollars ($75,000,000), and subject to supervision or examination for federal or state authority. If such bank, banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of the Indenture the combined capital and surplus of such trust company, banking association or bank will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee ceases to be eligible in accordance with the provisions of the Indenture, the Trustee will resign immediately in the manner and with the effect specified therein.

Merger or Consolidation. Any trust company, banking association or bank into which the Trustee may be merged or converted or with which it may be consolidated or any trust company, banking association or bank resulting from any merger, conversion or consolidation to which it is a party or any trust company, banking association or bank to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such trust company, banking association or bank is eligible under the Indenture, will be the successor to such Trustee, without the execution or filing of any paper or any further act, anything in the Indenture to the contrary notwithstanding.

Liability of Trustee. (a) The recitals of facts in the Indenture and in the 2022 Bonds are statements of the District, and the Trustee does not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of the Indenture or the 2022 Bonds, nor will the Trustee incur any responsibility in respect thereof, other than as expressly stated in the Indenture in connection with the respective duties or obligations therein or in the 2022 Bonds assigned to or imposed upon it. The Trustee is, however, responsible for its representations contained in its certificate of authentication on the 2022 Bonds. The Trustee is not liable in connection with the performance of its duties under the Indenture, except for its own negligence or willful misconduct. The Trustee may become the Owner of 2022 Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of 2022 Bond Owners, whether or not such committee represents the Owners of a majority in principal amount of the 2022 Bonds then Outstanding.

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

(c) The Trustee is not liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority (or such other percentage provided for in the Indenture) in aggregate principal amount of the 2022 Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture.

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

(e) The Trustee will not be deemed to have knowledge of any Default or Event of Default under the Indenture or any other event which, with the passage of time, the giving of notice, or both, would constitute an Event of Default thereunder unless and until a Responsible Officer of the Trustee has actual knowledge of such event or the Trustee has been notified in writing, in accordance with the Indenture, of such event by the District or the Owners of not less than fifty percent (50%) of the 2022 Bonds then Outstanding. Except as otherwise expressly provided in the Indenture, the Trustee is not bound to ascertain or inquire as to the performance or observance by the District of any of the terms, conditions, covenants or agreements in the Indenture of any of the documents executed in connection with the 2022 Bonds, or as to the existence of an Event of Default thereunder or an event which would, with the giving of notice, the passage of time, or both, constitute an Event of Default thereunder. The Trustee is not responsible for the validity, effectiveness or priority of any collateral given to or held by it.

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

(g) The Trustee is under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request, order or direction of any of the Owners pursuant to the Indenture, unless such Owners have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. No permissive power, right or remedy conferred upon the Trustee under the Indenture will be construed to impose a duty to exercise such power, right or remedy.

(h) Whether or not expressly so provided, every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions of the Indenture.

(i) The Trustee has no responsibility or liability with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the 2022 Bonds.

(j) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(k) The Trustee may execute any of the trusts or powers of the Indenture and perform any of its duties through attorneys, agents and receivers and will not be answerable for the conduct of the same if appointed by it with reasonable care.

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

(m) The Trustee agrees to accept and act upon instructions or directions pursuant to the Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee has received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate will be amended and replaced whenever a person is to be added or deleted from the listing. If the District elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions will be deemed controlling. The Trustee will not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The District has agreed to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

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

(o) The Trustee is under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request, order or direction of any of the Owners pursuant to the provisions thereof unless such Owners have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

(p) The permissive right of the Trustee to do things enumerated in the Indenture are not construed as a duty and the Trustee is not answerable for other than its negligence or willful misconduct.

Right to Rely on Documents. The Trustee will be protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion, notes, direction, facsimile transmission, electronic mail or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the District, with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith and in accordance therewith.

The Trustee may treat the Owners of the 2022 Bonds appearing in the Trustee's Registration Books as the absolute owners of the 2022 Bonds for all purposes and the Trustee will not be affected by any notice to the contrary.

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

Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of the Indenture will be retained in their respective possession and will be subject at all reasonable times to the inspection of the District and any 2022 Bond Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Compensation and Indemnification. The District will pay to the Trustee from time to time all reasonable compensation for all services rendered under the Indenture, and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Indenture.

The District will indemnify, defend and hold harmless the Trustee, its officers, employees, directors and agents from and against any loss, costs, claims, liability or expense (including fees and expenses of its attorneys and advisors) incurred without negligence or bad faith on its part, arising out of or in connection with the execution of the Indenture, acceptance or administration of the trust under the Indenture, including costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers thereunder. The rights of the Trustee and the obligations of the District under the Indenture survive removal or resignation of the Trustee thereunder or the discharge of the 2022 Bonds and the Indenture.

MODIFICATION OR AMENDMENT OF THE INDENTURE

Amendments Permitted. (a) The Indenture and the rights and obligations of the District and of the Owners of the 2022 Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto, which the District and the Trustee may enter into when the written consent of the Owners of a majority in aggregate principal amount of all 2022 Bonds then Outstanding, exclusive of 2022 Bonds disqualified as provided in the Indenture, have been filed with the Trustee. No such modification or amendment may: (1) extend the fixed maturity of any 2022 Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the rate of interest or the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each 2022 Bond so affected; or (2) reduce the aforesaid percentage of 2022 Bonds the consent of the Owners of which is required to affect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture except as permitted therein, or deprive the Owners of the 2022 Bonds of the lien created by the Indenture on such Revenues and other assets except as permitted therein, without the consent of the Owners of all of the 2022 Bonds then Outstanding. It is not necessary for the consent of the 2022 Bond Owners to approve the particular form of any Supplemental Indenture, but it is sufficient if such consent approves the substance thereof. Promptly after the execution by the District and the Trustee of any Supplemental Indenture pursuant to the provisions of the Indenture, the Trustee will mail a notice, setting forth in general terms the substance of such Supplemental Indenture, to the Rating Agency and the Owners of the 2022 Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) The Indenture and the rights and obligations of the District, the Trustee and the Owners of the 2022 Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the District and the Trustee may enter into without the consent of any 2022 Bond Owners, if the Trustee receives an opinion of Bond Counsel to the effect that the provisions of such Supplemental Indenture will not materially adversely affect the interests of the Owners of the Outstanding 2022 Bonds, including, without limitation, for any one or more of the following purposes: (1) to add to the covenants and agreements of the District contained in the Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the 2022 Bonds (or any portion thereof), or to surrender any right or power therein reserved to or conferred upon the District; (2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the District may deem necessary or desirable; (3) to modify, amend or supplement the Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute thereunder in effect, and to add such other terms conditions and provisions as may be permitted by said act or similar federal statute; and (4) to modify, amend or supplement the Indenture in such manner as to cause interest on the 2022 Bonds to remain excludable from gross income under the Code.

(c) The Trustee may in its discretion, but is not obligated to, enter into any such Supplemental Indenture authorized by the Indenture which materially adversely affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

(d) Prior to the Trustee entering into any Supplemental Indenture under the provisions of the Indenture, there will be delivered to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of the Indenture and that the adoption of such Supplemental Indenture will not, in and of itself, adversely affect the exclusion of interest on the 2022 Bonds from federal income taxation and from state income taxation.

Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to the provisions of the Indenture, the Indenture will be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the District, the Trustee and all Owners of 2022 Bonds Outstanding will thereafter be determined, exercised and enforced thereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture will be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Endorsement of 2022 Bonds; Preparation of New 2022 Bonds. 2022 Bonds delivered after the execution of any Supplemental Indenture pursuant to the provisions of the Indenture may, and if the Trustee so determines will, bear a notation by endorsement or otherwise in form approved by the District and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand on the Owner of any 2022 Bonds Outstanding at the time of such execution and presentation of his or her 2022 Bonds for the purpose at the Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation will be made on such 2022 Bonds. If the Supplemental Indenture so provides, new 2022 Bonds so modified as to conform, in the opinion of the District and the Trustee, to any modification or amendment contained in such Supplemental Indenture, will be prepared and executed by the District and authenticated by the Trustee, and upon demand on the Owners of any 2022 Bonds then Outstanding will be exchanged at the Office of the Trustee, without cost to any 2022 Bond Owner, for 2022 Bonds then Outstanding, upon surrender for cancellation of such 2022 Bonds, in equal aggregate principal amount of the same maturity.

Amendment of Particular 2022 Bonds. The provisions of the Indenture do not prevent any 2022 Bond Owner from accepting any amendment as to the particular 2022 Bonds held by him.

DEFEASANCE

Discharge of Indenture. The 2022 Bonds may be paid by the District in any of the following ways, provided that the District also pays or causes to be paid any other sums payable under the Indenture by the District: (a) by paying or causing to be paid the principal of and interest and redemption premiums (if any) on the 2022 Bonds, as and when the same become due and payable; (b) by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Indenture) to pay or redeem all 2022 Bonds then Outstanding; or (c) by delivering to the Trustee, for cancellation by it, all of the 2022 Bonds then Outstanding.

If the District also pays or causes to be paid all other sums payable under the Indenture by the District, then and in that case, at the election of the District (as evidenced by a Certificate of the District, filed with the Trustee, signifying the intention of the District to discharge all such indebtedness and the Indenture), and notwithstanding that any 2022 Bonds have not been surrendered for payment, the Indenture and the pledge of Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of the District under the Indenture will cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Written Request of the District, the Trustee will execute and deliver to the District all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee will pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to the Indenture which are not required for the payment or redemption of 2022 Bonds not theretofore surrendered for such payment or redemption to the District.

Discharge of Liability on 2022 Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in the Indenture) to pay or redeem any Outstanding 2022 Bonds (whether upon or prior to the maturity or the Redemption Date of such 2022 Bonds), provided that, if such Outstanding 2022 Bonds are to be redeemed prior to maturity, notice of such redemption has been given as provided in the Indenture or provisions satisfactory to the Trustee has been made for the giving of such notice, then all liability of the District in respect of such 2022 Bonds will cease, terminate and be completely discharged, and the Owners thereof will thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject however, to the provisions of the Indenture.

The District may at any time surrender to the Trustee for cancellation by it any 2022 Bonds previously issued and delivered, which the District may have acquired in any manner whatsoever, and such 2022 Bonds, upon such surrender and cancellation, will be deemed to be paid and retired.

Deposit of Money or Securities with Trustee. Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any 2022 Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to the Indenture and will be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such 2022 Bonds and all unpaid interest thereon to maturity, except that, in the case of 2022 Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption has been given as provided in the Indenture or provisions satisfactory to the Trustee have been made for the giving of such notice, the amount to be deposited or held will be the principal amount of such 2022 Bonds and all unpaid interest and premium, if any, thereon to the Redemption Date; or

(b) Federal Securities the principal of and interest on which when due will, in the written opinion of an Independent Certified Public Accountant or Independent Municipal Consultant filed with the District and the Trustee, provide money sufficient to pay the principal of and all unpaid interest to maturity, or to the Redemption Date (with premium, if any), as the case may be, on the 2022 Bonds to be paid or redeemed, as such principal, interest and premium, if any, become due, provided that in the case of 2022 Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption has been given as provided in the Indenture or provision satisfactory to the Trustee has been made for the giving of such notice;

provided, in each case, that: (i) the Trustee has been irrevocably instructed (by the terms of the Indenture or by Written Request of the District) to apply such money to the payment of such principal, interest and premium, if any, with respect to such 2022 Bonds; and (ii) the District has delivered to the Trustee an opinion of Bond Counsel addressed to the District and the Trustee to the effect that such 2022 Bonds have been discharged in accordance with the Indenture (which opinion may rely upon and assume the accuracy of the Independent Certified Public Accountant's or Independent Financial Consultant's opinion referred to above).

Payment of 2022 Bonds After Discharge of Indenture. Notwithstanding any provisions of the Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any 2022 Bonds and remaining unclaimed for two (2) years after the principal of all of the 2022 Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Indenture), if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when all of the 2022 Bonds became due and payable, will be repaid to the District free from the trusts created by the Indenture upon receipt of an indemnification agreement acceptable to the District and the Trustee indemnifying the Trustee with respect to claims of Owners of 2022 Bonds which have not yet been paid, and all liability of the Trustee with respect to such moneys will thereupon cease; provided, however, that before the repayment of such moneys to the District as aforesaid, the Trustee will at the written direction of the District (at the cost of the District) first mail to the Owners of 2022 Bonds which have not yet been paid, at the addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the 2022 Bonds so payable and not presented and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof.

MISCELLANEOUS

Liability of District Limited to Revenues. Notwithstanding anything in the Indenture or the 2022 Bonds, but subject to the priority of payment with respect to Operation and Maintenance Costs, the District is not required to advance any moneys derived from any source other than the Revenues, the Revenue Fund and other moneys pledged under the Indenture for any of the purposes in the Indenture mentioned, whether for the payment of the principal of or interest on the 2022 Bonds or for any other purpose of the Indenture. Nevertheless, the District may, but is not required to, advance for any of the purposes of the Indenture any funds of the District which may be made available to it for such purposes.

The obligation of the District to pay interest and principal on the 2022 Bonds is a special obligation of the District payable solely from the Net Revenues, and does not constitute a debt of the District or of the State of California or of any political subdivision thereof (other than the District) in contravention of any constitutional or statutory debt limitation or restriction.

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

Limitation of Rights to Parties and 2022 Bond Owners. Nothing in the Indenture or in the 2022 Bonds expressed or implied is intended or will be construed to give to any person other than the District, the Trustee and the Owners of the 2022 Bonds, any legal or equitable right, remedy or claim under or in respect of the Indenture or any covenant, condition or provision contained in the 2022 Bonds or in the Indenture; and all such covenants, conditions and provisions are and are for the sole and exclusive benefit of the District, the Trustee and the Owners of the 2022 Bonds.

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

Destruction of 2022 Bonds. Whenever in the Indenture provision is made for the cancellation by the Trustee and the delivery to the District of any 2022 Bonds, the Trustee will destroy such 2022 Bonds as may be allowed by law, and deliver a certificate of such destruction to the District.

Severability of Invalid Provisions. If any one or more of the provisions contained in the Indenture or in the 2022 Bonds is for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions will be deemed severable from the remaining provisions contained in the Indenture and such invalidity, illegality or unenforceability will not affect any other provision of the Indenture, and the Indenture will be construed as if such invalid or illegal or unenforceable provision had never been contained therein. The District has declared that it would have entered into the Indenture and each and every other section, paragraph, sentence, clause or phrase thereof and authorized the issuance of the 2022 Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of the Indenture may be held illegal, invalid or unenforceable.

Evidence of Rights of 2022 Bond Owners. Any request, consent or other instrument required or permitted by the Indenture to be signed and executed by 2022 Bond Owners may be in any number of concurrent instruments of substantially similar tenor and will be signed or executed by such 2022 Bond Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of 2022 Bonds transferable by delivery, will be sufficient for any purpose of the Indenture and will be conclusive in favor of the Trustee and the District if made in the manner provided in the Indenture.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer. The Ownership of 2022 Bonds will be proved by the Registration Books. Any request, consent, or other instrument or writing of the Owner of any 2022 Bond will bind every future Owner of the same 2022 Bond and the Owner of every 2022 Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the District in accordance therewith or reliance thereon.

Disqualified 2022 Bonds. In determining whether the Owners of the requisite aggregate principal amount of 2022 Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, 2022 Bonds which are known by the Trustee to be owned or held by or for the account of the District, or by any other obligor on the 2022 Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the District or any other obligor on the 2022 Bonds, will be disregarded and deemed not to be Outstanding for the purpose of any such determination. 2022 Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of the Indenture if the pledgee establishes to the satisfaction of the Trustee the pledgee's right to vote such 2022 Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the District or any other obligor on the 2022 Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel will be full protection to the Trustee. Upon request, the District will certify to the Trustee those 2022 Bonds that are disqualified pursuant to the Indenture and the Trustee may conclusively rely on such certificate.

Money Held for Particular 2022 Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular 2022 Bonds (or portions of 2022 Bonds in the case of registered 2022 Bonds redeemed in part only) will, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the 2022 Bonds entitled thereto, subject, however, to the provisions of the Indenture but without any liability for interest thereon.

Funds and Accounts. Any fund or account required by the Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts will at all times be maintained in accordance with corporate trust industry standards to the extent practicable, and with due regard for the requirements of the Indenture and for the protection of the security of the 2022 Bonds and the rights of every Owner thereof.

Waiver of Personal Liability. No member, officer, agent, employee, consultant or attorney of the District is individually or personally liable for the payment of the principal of or premium or interest on the 2022 Bonds or subject to any personal liability or accountability by reason of the issuance thereof; but nothing contained in the Indenture relieves any such member, officer, agent, employee, consultant or attorney from the performance of any official duty provided by law or by the Indenture.

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

CUSIP Numbers. Neither the Trustee nor the District are liable for any defect or inaccuracy in the CUSIP number that appears on any 2022 Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP numbers on the 2022 Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the 2022 Bondholders and that neither the District nor the Trustee are liable for any inaccuracies in such numbers.

Choice of Law. THE INDENTURE IS GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

Paired Obligation Provider Guidelines. For purposes of the Indenture, Paired Obligations will comply with the following conditions: (a) A Paired Obligation Provider will initially have a long-term rating of A- or better by S&P and A3 or better by Moody's. (b) So long as the long-term rating of the Paired Obligation Provider is not reduced below Baa2 by S&P or BBB by Moody's, the interest rate of such Paired Obligation will be deemed to be equal to the irrevocable fixed interest rate attributable thereto for purposes of the Indenture.

In the event that a Paired Obligation Provider does not maintain the Minimum Rating Requirement and the District does not replace such Paired Obligation Provider with another Paired Obligation Provider which maintains the Initial Rating Requirement within ten (10) Business Days of notice that the Paired Obligation Provider has not maintained the Minimum Rating Requirement, interest with respect to such Paired Obligations will be computed for purposes of the Indenture without regard to payments to be received from the Paired Obligation Provider.

Retail Water Distribution Facilities. Notwithstanding anything contained in the Indenture to the contrary, no provision of the Indenture prohibits, restricts or otherwise affects the ability of the District to finance and acquire retail water distribution facilities, apply the revenues thereof in accordance with the terms of such financing and acquisition or otherwise affect the District's operation of such facilities, unless the Board of Directors of the District makes the determinations described in the definition of "Water System" in the Indenture.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

Upon issuance of the 2022A Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

_______, 2022

West Basin Municipal Water District
17140 South Avalon Boulevard, Suite 210
Carson, California 90746

Re: West Basin Municipal Water District Refunding Revenue Bonds, Series 2022A

Members of the Board of Directors:

We have examined a certified copy of the record of the proceedings of the West Basin Municipal Water District ("West Basin") relative to the issuance of the $__________ Refunding Revenue Bonds, Series 2022A, dated the date hereof (the "2022A Bonds"), and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations of fact and certifications made by West Basin, the initial purchaser of the 2022A Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The 2022A Bonds are being issued pursuant to an Indenture of Trust, dated as of January 1, 2022 (the "Indenture"), by and between West Basin and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The 2022A Bonds mature on the dates and in the amounts referenced in the Indenture. The 2022A Bonds are dated their date of delivery and bear interest payable at maturity, at the rates per annum referenced in the Indenture. The 2022A Bonds are registered in the form set forth in the Indenture.

Based on our examination as Bond Counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. The proceedings of West Basin show lawful authority for the issuance and sale of the 2022A Bonds under the laws of the State of California now in force, and the Indenture has been duly authorized, executed and delivered by West Basin, and, assuming due authorization, execution and delivery by the Trustee, as appropriate, the 2022A Bonds and the Indenture are valid and binding obligations of West Basin enforceable against West Basin in accordance with their terms.

2. The obligation of West Basin to make the payments of principal of and interest on the 2022A Bonds from Net Revenues (as defined in the Indenture) is an enforceable obligation of West Basin and does not constitute an indebtedness of West Basin in contravention of any constitutional or statutory debt limit or restriction.

3. Under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the 2022A Bonds 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.

4. Interest (and original issue discount) on the 2022A Bonds is exempt from State of California personal income tax.

5. The excess of the stated redemption price at maturity over the issue price of a 2022A Bond (the first price at which a substantial amount of the 2022A Bond of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a 2022A Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a 2022A Bond Owner will increase the Owner's basis in the applicable 2022A Bond. Original issue discount that accrues to the 2022A Bond Owner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and is exempt from State of California personal income tax.

6. The amount by which a 2022A Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable 2022A Bond (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 Internal Revenue Code of 1986, as amended (the "Code"); such amortizable bond premium reduces the 2022A Bond Owner's basis in the applicable 2022A Bond (and the amount of tax-exempt interest received), 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 2022A Bond Owner realizing a taxable gain when a 2022A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2022A Bond to the Owner. Purchasers of the 2022A Bond should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the 2022A Bonds are based upon certain representations of fact and certifications made by West Basin and are subject to the condition that West Basin comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the 2022A Bonds to assure that such interest (and original issue discount) on the 2022A Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the 2022A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2022A Bonds. West Basin has covenanted to comply with all such requirements.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the 2022A Bonds terminates on the date of their issuance. The Indenture and the Tax Certificate permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) on the 2022A Bonds for federal income tax purposes with respect to any 2022A Bond if any such action is taken or omitted based upon the opinion or advice of counsel other than ourselves. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the 2022A Bonds.

By delivering this letter, we are not expressing any opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the Indenture or the 2022A Bonds, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Indenture or the 2022A Bonds or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets.

The opinions that are expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters which are not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Indenture and the 2022A Bonds 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, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the 2022A Bonds or other offering material relating to the 2022A Bonds and expressly disclaim any duty to advise the owners of the 2022A Bonds with respect to matters contained in the Official Statement.

Respectfully submitted,

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APPENDIX E

INFORMATION CONCERNING DTC

The information in this section concerning DTC and DTC's book entry only system has been obtained from sources that West Basin believes to be reliable, but West Basin takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the 2022A Bonds, payment of principal, premium, if any, accreted value, if any, and interest on the 2022A Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the 2022A Bonds 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 2022A Bonds. The 2022A Bonds 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 2022A Bond will be issued for each annual maturity of the 2022A Bonds, 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated AA+ by S&P Global Ratings. 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 2022A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2022A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2022A Bonds ("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 2022A Bonds 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 bonds representing their ownership interests in 2022A Bonds, except in the event that use of the book entry system for the 2022A Bonds is discontinued.

To facilitate subsequent transfers, all 2022A Bonds 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 2022A Bonds 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 2022A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2022A Bonds 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 2022A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2022A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2022A Bonds documents. For example, Beneficial Owners of 2022A Bonds may wish to ascertain that the nominee holding the 2022A Bonds 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 notices shall be sent to DTC. If less than all of the 2022A Bonds 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 2022A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to West Basin 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 2022A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2022A Bonds 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 West Basin 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 West Basin, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of West Basin 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.

A 2022A Bond Owner shall give notice to elect to have its 2022A Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such 2022A Bond by causing the Direct Participant to transfer the Participant's interest in the 2022A Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of 2022A Bond in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2022A Bond are transferred by Direct Participants on DTC's records and followed by a book entry credit of tendered 2022A Bond to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the 2022A Bonds at any time by giving reasonable notice to West Basin 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.

West Basin may decide to discontinue use of the system of book entry only transfers through DTC (or a successor securities depository). In that event, 2022A Bonds will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK ENTRY ONLY SYSTEM IS USED FOR THE 2022A BONDS, WILL SEND ANY NOTICE OF REDEMPTION 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 OF THE 2022A BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Upon issuance of the 2022A Bonds, West Basin proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the West Basin Municipal Water District (the "District") in connection with the issuance of $__________ Refunding Revenue Bonds, Series 2022A (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of January 1, 2022 (the "Indenture of Trust"), by and between the District and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The District covenants and agrees as follows:

1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

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

Annual Report. The term "Annual Report" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

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

EMMA. The term "EMMA" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at http://emma.msrb.org/.

Financial Obligation. The term "Financial Obligation" means a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Fiscal Year. The term "Fiscal Year" means the one-year period ending on the last day of June of each year.

Holder. The term "Holder" means a registered owner of the Bonds.

Listed Events. The term "Listed Events" means any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

Official Statement. The term "Official Statement" means the Official Statement of the District dated February __, 2022 delivered in connection with the issuance of the Bonds.

Participating Underwriter. The term "Participating Underwriter" means the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

Rule. The term "Rule" means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

3. Provision of Annual Reports.

(a) The District shall provide not later than 270 days following the end of its Fiscal Year (commencing with Fiscal Year 2022) to EMMA an Annual Report relating to the immediately preceding Fiscal Year which is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the District is unable to provide to EMMA an Annual Report by the date required in subsection (a), the District shall send in a timely manner to EMMA a notice in the manner prescribed by the Municipal Securities Rulemaking Board.

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

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

(b) Principal amount of the Bonds outstanding.

(c) To the extent not contained in the audited financial statement filed pursuant to clause (a), an update of the information in the following tables in "APPENDIX A—INFORMATION RELATING TO THE WEST BASIN MUNICIPAL WATER DISTRICT" to the Official Statement for the most recent Fiscal Year of the District only:

(i) "Historic Water Purchases and Groundwater Pumped by West Basin's Customers from West Coast Basin;"

(ii) "Historic Treated Water Sales to Customers;"

(iii) "Annual Recycled Water Sales;" and

(iv) "Imported Water Rate Summary."

(d) For the most recent Fiscal Year of the District only, an update of the information contained in the Official Statement in the chart titled: "Water System Historic Operating Results" provided, however, that if such information can be derived from the audited financial statements required to be filed in 4(a) above, failure to file separate tables under this section 4 shall not constitute a default hereunder.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission; provided that if any document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board; and provided further that the District shall clearly identify each such document so included by reference.

5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;

2. unscheduled draws on debt service reserves reflecting financial difficulties;

3. unscheduled draws on credit enhancements reflecting financial difficulties;

4. substitution of credit or liquidity providers, or their failure to perform;

5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701-TEB);

6. tender offers;

7. defeasances;

8. ratings changes;

9. bankruptcy, insolvency, receivership or similar proceedings; and

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

10. default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds;

2. modifications to the rights of Bondholders;

3. Bond calls;

4. release, substitution or sale of property securing repayment of the Bonds;

5. non-payment related defaults;

6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. appointment of a successor or additional trustee or the change of the name of a trustee; and

8. incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material.

(c) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the District shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

6. Customarily Prepared and Public Information. Upon request, the District shall provide to any person financial information and operating data regarding the District which is customarily prepared by the District and is publicly available.

7. Termination of Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule.

9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

10. Default. In the event of a failure of the District to file an annual report under Section 4 hereof or to file a report of a Listed Event under Section 5 hereof, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to make such filing. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

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

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

Dated: February __, 2022

WEST BASIN MUNICIPAL WATER DISTRICT

By:____
Its: President of the Board of Directors

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WEST BASIN MUNICIPAL WATER DISTRICT • REFUNDING REVENUE BONDS, SERIES 2022A

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