



MEMORANDUM

TO: DHCCP Steering Committee Members, Alternates
SLDMWA Board of Directors, Alternates

FROM: Pablo Arroyave, Chief Operating Officer

DATE: January 6, 2021

RE: Refunding the Outstanding San Luis & Delta-Mendota Water Authority
Refunding Revenue Bonds (DHCCP Development Project), Series 2013A

BACKGROUND

Due to the significant drop in interest rates in the spring of 2020, the Authority and affected water districts are considering refinancing debt issued in 2013. The DHCCP Bonds under consideration for refunding (refinancing) were issued in 2013 for a total amount of \$37,550,000; \$28,935,000 is currently outstanding. Westlands Water District agreed to pay 100% of the principal and interest with eight other financing participants (participants) each paying a portion. The Authority receives those payments and in turn, reimburses Westlands. The participants are Westlands, Broadview, Laguna, Eagle Field, Mercy Springs, Byron Bethany, Pacheco, Panoche and San Luis districts. This arrangement would continue after refinancing.

In the October 2020 Board of Directors Meeting, the Board adopted a resolution (Resolution 2020-471) authorizing the execution and delivery of refunding revenue bonds and approving the execution and delivery of certain documents in connection therewith and certain other matters. Through adoption of the Resolution, the Board approved the Indenture of Trust, Purchase Contract, and Escrow Agreement in substantial form. Subsequently, staff moved forward in finalizing various documents consistent with Board direction.

Since October 2020, 7 participants have opted in to the refinancing, two participants have chosen to prepay their amount owed, and all participants have supported proceeding with the refinancing. In addition, in its December 15, 2020 meeting, Westlands Water District's Board of Directors approved their Resolution No. 129-20, Approving the Westlands Water District Portion for the San Luis & Delta-Mendota Water Authority's Preliminary Official Statement for the San Luis & Delta-Mendota Water Authority Refunding Revenue Bonds (DHCCP Development Project), Series 2021B San Luis & Delta-Mendota Water Authority Refunding revenue Bonds (DHCCP Development Project), Series 2021B Preliminary Official Statement, Substantially in the Form Presented, Approving the Execution and Delivery of Certain Documents in Connection Therewith, and Authorizing Certain Other Matters.

ISSUE FOR DECISION

Whether the Board should adopt the proposed Resolution Authorizing the Preparation and Distribution of a Preliminary Official Statement and the Preparation, Execution, and Delivery of an Official Statement with Respect to Refunding Revenue Bonds to Refund the Outstanding San Luis & Delta-Mendota Water Authority Refunding Revenue Bonds (DHCCP Development Project), Series 2013A, Authorizing the Execution of Certain Documents, and Authorizing Certain Other Actions in Connection Therewith.

RECOMMENDATION

Staff recommends that the Authority adopt the proposed Resolution.

ANALYSIS

Refinancing of the 2013 debt is expected to save the participants up to \$3.073 million over the life of the debt and up to \$145,000 per year (generates approximately \$1.78 million in net present value savings as of January 5, 2021). This amount will change depending on market conditions at pricing and assumes both Byron Bethany and Laguna pay off its allocable portion of the obligation prior to refunding.

ATTACHMENTS

1. Draft Resolution, including Exhibit A (Preliminary Official Statement)
2. Resolution 2020-471

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

RESOLUTION NO. 2021-__

RESOLUTION AUTHORIZING THE PREPARATION AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND THE PREPARATION, EXECUTION, AND DELIVERY OF AN OFFICIAL STATEMENT WITH RESPECT TO REFUNDING REVENUE BONDS TO REFUND THE OUTSTANDING SAN LUIS & DELTA-MENDOTA WATER AUTHORITY REFUNDING REVENUE BONDS (DHCCP DEVELOPMENT PROJECT), SERIES 2013A, AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS, AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the San Luis & Delta-Mendota Water Authority (the “Authority”), a joint exercise of powers authority duly organized and existing under and pursuant to the Constitution and laws of the State of California, has previously issued refunding revenue bonds (the “2013 Bonds”) that are currently outstanding in the aggregate principal amount of \$28,935,000 to refinance a portion of certain development costs of a conveyance and water conservation project on behalf of Authority members who executed the San Luis & Delta-Mendota Water Authority Delta Habitat Conservation and Conveyance Program Activity Agreement (the “Activity Agreement”); and

WHEREAS, the Board of Directors of the Authority (the “Board”) previously adopted Resolution No. 2020-471 authorizing the issuance of refunding revenue bonds (the “Bonds”) to refinance the 2013 Bonds to reduce the interest rate paid by such Activity Agreement members; and

WHEREAS, the Board now desires to authorize the preparation and distribution of a preliminary official statement and the preparation, execution and delivery of an official statement with respect such Bonds; and

WHEREAS, the Board does hereby determine that authorizing (1) the issuance of revenue bonds to refinance a portion of the cost of the DHCCP Project, (2) the execution of certain documents, and (3) all steps that are reasonably convenient or necessary to issue revenue bonds, does not constitute a project or projects under CEQA because the proposed actions represent administrative activities of the Authority that will not result in direct or indirect physical changes in the environment (Section 15378(b)(5) of the CEQA Guidelines); further, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the CEQA Guidelines).

NOW, THEREFORE, BE IT RESOLVED, AS FOLLOWS, THAT:

SECTION 1. Findings. The Board hereby specifically finds and declares that the actions authorized hereby constitute and relate to public affairs of the Authority and that the statements, findings and determinations set forth above and in the preambles of the documents approved herein are true and correct.

SECTION 2. Preliminary Official Statement and Official Statement. The preparation and distribution of the Preliminary Official Statement (excluding the section of the Preliminary Official

Statement titled “CONTINUING DISCLOSURE” and Appendix A to the Preliminary Official Statement (collectively, the “Westlands Portion of the Official Statement”) (the “Authority Portion of the Preliminary Official Statement”), substantially in the form attached hereto as Exhibit A, is hereby approved. The Executive Director and Chief Operating Officer are each hereby individually authorized to make such changes, insertions and omissions to Authority Portion of the Preliminary Official Statement as may be recommended or approved by General Counsel or Stradling Yocca Carlson & Rauth, a Professional Corporation, as bond counsel (“Bond Counsel”), and is authorized and directed to execute and deliver a certificate relating to the Authority Portion of the Preliminary Official Statement in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934; provided, however, that such certificate shall not include a certification as to any portion of the Preliminary Official Statement pertaining to Westlands Water District, including but not limited to the Westlands Portion of the Official Statement.

The Chair or Vice Chair (each an “Authorized Officer”) is each hereby individually authorized and directed to execute, approve and deliver the Authority Portion of the final Official Statement in the form of the Authority Portion of the Preliminary Official Statement which, upon execution as authorized herein, is made a part hereof as though set forth in full herein, with such changes, insertions and omissions as may be recommended or approved by General Counsel or Bond Counsel and approved by such Authorized Officer, said execution and delivery being conclusive evidence of such approval.

The underwriter of the Bonds named in the Authority Portion of the Preliminary Official Statement is hereby authorized to distribute copies of said Authority Portion of the Preliminary Official Statement to persons who may be interested in the initial purchase of the Bonds and are directed to deliver copies of any Authority Portion of the final Official Statement to all actual initial purchasers of the Bonds.

SECTION 3. Other Actions. Each Authorized Officer, the Treasurer of the Authority, the Executive Director, Chief Operating Officer and any other proper officers of the Authority, acting singly, are each authorized and directed to do any and all things and to execute and deliver any and all documents and certificates which such officers may deem necessary or advisable in order to consummate the sale, execution and delivery of the Bonds, and otherwise effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

SECTION 5. Effect. This Resolution shall take effect immediately.

PASSED, APPROVED AND ADOPTED this 14th day of January, 2021, by the Board of Directors of the San Luis & Delta-Mendota Water Authority.

AYES:

NOES:

ABSENT:

APPROVED:

Cannon Michael, Chairman
SAN LUIS & DELTA-MENDOTA WATER
AUTHORITY

Attest:

Federico Barajas, Secretary

.....
I hereby certify that the foregoing Resolution No. 2021- _ was duly and regularly adopted by the Board of Directors of the San Luis & Delta-Mendota Water Authority at the meeting thereof held on the 14th day of January, 2021.

Federico Barajas, Secretary

EXHIBIT A
PRELIMINARY OFFICIAL STATEMENT

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY __, 2021

NEW ISSUE – BOOK ENTRY ONLY

RATINGS: See the caption “RATINGS”

\$ _____ *

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
REFUNDING REVENUE BONDS (DHCCP DEVELOPMENT PROJECT), SERIES 2021B**

Dated: Date of Delivery

Due: March 1, as set forth on inside cover page

The Bonds are special obligations of the San Luis & Delta-Mendota Water Authority payable from amounts received by the Authority from Westlands Water District and certain other Authority members under the DHCCP Activity Agreement, such members being referred to herein as Financing Participants. Proceeds of the Bonds will be applied: (i) together with certain other moneys, including cash and securities held in an existing escrow fund, to refund the outstanding San Luis & Delta-Mendota Water Authority Refunding Revenue Bonds (DHCCP Development Project), Series 2013A; (ii) to purchase a municipal bond insurance policy to guarantee payment of principal of and interest on the Bonds; (iii) to purchase a municipal bond debt service reserve insurance policy for deposit in the Reserve Fund; and (iv) to pay certain costs of issuing the Bonds.

The Bonds are issuable 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. Individual purchases will be made in principal amounts of \$5,000 and integral multiples thereof and will be in book entry form only. Purchasers of Bonds will not receive certificates representing their beneficial ownership in the Bonds but will receive credit balances on the books of their respective nominees, and the Bonds will not be transferable or exchangeable except for transfer to another nominee of The Depository Trust Company or as otherwise described in this Official Statement. The Bonds will bear interest at the rates set forth on the inside cover page hereof, which will be payable on March 1, 2021 and each September 1 and March 1 thereafter. Such interest on and the principal of the Bonds is payable by the Trustee to Cede & Co., and such interest and principal payments are to be disbursed to the Beneficial Owners of the Bonds through their nominees.

The Bonds are subject to optional redemption and mandatory sinking fund redemption as set forth herein.

The Bonds are special obligations of the Authority payable solely from Revenues (including portions of payments received by the Authority pursuant to the DHCCP Activity Agreement by and between the Authority and the Financing Participants) and from amounts in certain funds and accounts established under the Indenture of Trust pursuant to which the Bonds are issued. Westlands Water District has agreed pursuant to the DHCCP Activity Agreement to pay 100% of the principal of and interest on the Bonds. The Authority will reimburse Westlands Water District for a portion of such principal and interest payments from amounts that the Authority receives from other Financing Participants.

Although the Financing Participants are public agencies, the obligation of each Financing Participant to make payments under the DHCCP Activity Agreement does not constitute an obligation for which such Financing Participant is obligated to levy or pledge any form of taxation or for which it has levied or pledged any form of taxation, but rather is an obligation payable solely from the revenues derived by the Financing Participant from the operation of its water system or irrigation system.

The Bonds are not a debt of the members of the Authority, the State of California or any of its political subdivisions (other than the Authority), and neither the members of the Authority, the State of California nor any of its political subdivisions (other than the Authority) is liable under the Indenture pursuant to which the Bonds are issued. The obligation of the Authority to pay the principal of and interest on the Bonds does not constitute an indebtedness of the Authority in contravention of any constitutional or statutory debt limitation or restriction.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by _____.

[____ LOGO]

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 described in the Indenture and requirements of the Internal Revenue Code of 1986, as amended, as described herein, interest (and original issue discount) on the 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 and corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See the caption “TAX MATTERS” with respect to tax consequences relating to the Bonds.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. CAPITALIZED TERMS USED ON THE COVER HEREOF SHALL HAVE THE MEANING SET FORTH HEREIN.

The Bonds are offered when, as and if delivered and received by the Underwriter, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriter by its counsel Gilmore & Bell P.C., Salt Lake City, Utah, for the Authority by Rebecca Akroyd, Esq. its general counsel, for Westlands Water District by its general counsel and by Stradling Yocca Carlson & Rauth, A Professional Corporation, as Disclosure Counsel, for _____ by its counsel and for the Trustee by its counsel. It is anticipated that the Bonds will be available for delivery through the facilities

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

of The Depository Trust Company on or about _____, 2021.

Citigroup

Dated: _____, 2021.

MATURITY SCHEDULE

\$ _____*

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
REFUNDING REVENUE BONDS (DHCCP DEVELOPMENT PROJECT), SERIES 2021B
BASE CUSIP®† _____

<i>Maturity</i> <i>(March 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>CUSIP®†</i>
---	--------------------------------	-----------------------------	---------------------	-----------------------

\$ _____ % Term Bonds Due March __, ____ – Price _____ %*

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2021 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. Neither the Authority nor the Underwriter take any responsibility for the accuracy of such numbers.

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
BOARD OF DIRECTORS**

DIVISION 1

<i>Director</i>	<i>Member</i>
Vacant	Banta-Carbona Irrigation District
Bobby Pierce	West Stanislaus Irrigation District
Anthea Hansen	Del Puerto Water District
Rick Gilmore	Byron Bethany Irrigation District/CVPSA

DIVISION 2

<i>Director</i>	<i>Member</i>
Dan Errotabere	Westlands Water District
William Bourdeau	Westlands Water District
William Diedrich	San Luis Water District
John Bennett	Panoche Water District

DIVISION 3

<i>Director</i>	<i>Member</i>
Dan McCurdy	Firebaugh Canal Water District
Chris White	Central California Irrigation District
Cannon Michael	Henry Miller Reclamation District 2131
Ric Ortega	Grassland Water District

DIVISION 4

<i>Director</i>	<i>Member</i>
John Varela	Santa Clara Valley Water District
Gary Kremen	Santa Clara Valley Water District
Jeff Cattaneo	San Benito County Water District
Joseph Tonascia	San Benito County Water District

DIVISION 5

Director

Member

Bill Pucheu	Tranquillity Irrigation District
Thomas W. Birmingham	Broadview Water District
Vacant	James Irrigation District

OFFICERS

Cannon Michael, Chairman
William Bourdeau, Vice Chairman
Joyce Machado, Treasurer/Auditor
Federico Barajas, Secretary

STAFF

Federico Barajas, Executive Director
Pablo Arroyave, Chief Operating Officer
Joyce Machado, Director of Finance
Robert Martin, Facility O&M Director

GENERAL COUNSEL

Rebecca Akroyd, Esq.

MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc.
Irvine, California

BOND COUNSEL

Stradling Yocca Carlson & Rauth, a Professional Corporation
Sacramento, California

TRUSTEE

MUFG Union Bank, N.A.
San Francisco, California

VERIFICATION AGENT

Robert Thomas CPA, LLC
Minneapolis, Minnesota

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering made hereby and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority 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 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 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 Underwriter has provided the following sentence for inclusion in this Official Statement:

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

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

_____ (“___”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, ___ has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding ___, supplied by ___ and presented under the captions “BOND INSURANCE” and “FLOW OF FUNDS—The Reserve Fund Insurance Policy” and in Appendix F—“SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

The Authority, Westlands Water District and certain other members of the Authority maintain websites. 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 Bonds.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

TABLE OF CONTENTS

Page

INTRODUCTION 1

DEFEASANCE PLAN 2

 General 2

 Verification of Mathematical Computations 3

THE AUTHORITY 3

 General 3

 DHCCP Activity Agreement 4

 Financing Participants 4

THE DHCCP 5

ESTIMATED SOURCES AND USES OF PROCEEDS 6

THE BONDS 6

 General Provisions 6

 Book Entry System 7

 Transfers and Exchanges Upon Termination of Book Entry System 7

 Redemption 7

 Debt Service Schedule 10

SECURITY FOR THE BONDS 10

 General 10

 DHCCP Activity Agreement with Financing Participants 11

 Limited Liability 11

 Limitations on Additional Indebtedness 12

FLOW OF FUNDS 12

 Revenue Fund 12

 The Reserve Fund Insurance Policy 13

 Redemption Fund 14

BOND INSURANCE 14

APPROVAL OF LEGAL PROCEEDINGS 14

LITIGATION 15

CONTINUING DISCLOSURE 15

TAX MATTERS 16

RATINGS 17

UNDERWRITING 17

MISCELLANEOUS 19

Appendix A:	Information Concerning Westlands Water District	A-1
Exhibit A-1 to Appendix A:	Westlands Water District Financial Statements, Including the Auditor’s Report on Internal Control Over Financial Reporting	Ex. A-1
Exhibit A-2 to Appendix A:	Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1993, Making Findings, and Imposing a Cease-and-Desist Order	Ex. A-2
Appendix B:	Summary of Principal Legal Documents	B-1
Appendix C:	Proposed Form of Opinion of Bond Counsel	C-1
Appendix D:	Information Concerning The Depository Trust Company.....	D-1
Appendix E:	Form of Westlands Water District Continuing Disclosure Certificate	E-1
Appendix F:	Specimen Municipal Bond Insurance Policy.....	F-1

SUMMARY STATEMENT

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

The Authority. The San Luis & Delta-Mendota Water Authority is a public entity duly organized and existing under an Amended and Restated Joint Exercise of Powers Agreement, dated as of January 1, 1992. There are currently 27 public agency Members of the Authority. The Members entered into such Joint Exercise of Powers Agreement in order to exercise their common power to acquire, construct, operate and maintain works and facilities for the development and use of water resources and water rights including, without limitation, works and facilities to divert, store, pump, treat and deliver water for beneficial uses. The Authority currently operates certain Central Valley Project facilities under contract with the United States and undertakes other activities. As of June 30, 2020, the Authority has a staff of 100 full time employees and two part-time employees.

Purpose. The Bonds are being sold: (i) to provide a portion of the funds to refund the outstanding San Luis & Delta-Mendota Water Authority Refunding Revenue Bonds (DHCCP Development Project), Series 2013A; (ii) to purchase a municipal bond insurance policy to guarantee payment of principal of and interest on the Bonds; (iii) to purchase a municipal bond debt service reserve insurance policy for deposit in the Reserve Fund; and (iv) to pay certain costs of issuing the Bonds.

Security for the Bonds. Certain members of the Authority have entered into the DHCCP Activity Agreement with the Authority pursuant to which such members are obligated to make certain payments with respect to the DHCCP Development Costs. Certain Authority members elected to finance such costs through the Authority. In order to assist such Authority members in financing such costs, the Authority issued notes on April 1, 2009. Certain of the Authority members that participated in the note financing elected to refund their obligations under the DHCCP Activity Agreement (the Prior Financing Participants) with respect to such notes through the issuance by the Authority of the 2013 Bonds.

While certain Prior Financing Participants (the Financing Participants) have elected to refinance their obligations with respect to the 2013 Bonds under the DHCCP Activity Agreement and are obligated to pay their respective shares of principal of and interest on the Bonds, Westlands Water District, a Financing Participant, is obligated pursuant to the DHCCP Activity Agreement to pay 100% of the principal of and interest on the Bonds when due. The Authority will apply payments received from other Financing Participants to reimburse Westlands Water District for a portion of the principal of and interest on the Bonds paid by Westlands Water District. Such payments, if and when received by the Authority from such Financing Participants, will also constitute Revenues pledged to secure the payment of the principal of and interest on the Bonds and will be applied to the payment of principal of and interest on the Bonds in the event that Westlands Water District fails to make payments due under the DHCCP Activity Agreement.

Each Financing Participant has agreed in the DHCCP Activity Agreement that it will, to the fullest extent permitted by law, fix, prescribe and collect rates, charges or assessments in connection with its water system or irrigation system which will be at least sufficient to yield each fiscal year water system revenues or irrigation system revenues equal to 100% of the portion of principal of and interest on the Bonds required to be made by such Financing Participant in such fiscal year. Payments by each Financing Participant of amounts due under the DHCCP Activity Agreement are payable as operation and maintenance expenses of each Financing Participant and are payable from revenues of each Financing Participant's water system or irrigation system prior to any of such Financing Participant's bonds, notes or other evidences of indebtedness.

The obligation of each Financing Participant pursuant to the DHCCP Activity Agreement does not constitute an obligation for which such Financing Participant is obligated to levy or pledge any form of taxation or for which it has levied or pledged any form of taxation.

THE AUTHORITY DOES NOT HAVE THE POWER TO LEVY OR COLLECT ANY FORM OF TAXES. THE OBLIGATION OF THE AUTHORITY TO MAKE PAYMENTS WITH RESPECT TO THE BONDS IS A SPECIAL OBLIGATION WHICH IS PAYABLE SOLELY FROM THE REVENUES AND OTHER AMOUNTS PLEDGED THEREFOR UNDER THE INDENTURE.

THE BONDS ARE NOT A DEBT OF THE MEMBERS OF THE AUTHORITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AUTHORITY), AND NEITHER THE MEMBERS OF THE AUTHORITY, SAID STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AUTHORITY) IS LIABLE UNDER THE INDENTURE. NO MEMBER, OFFICER, AGENT, EMPLOYEE, CONSULTANT OR ATTORNEY OF THE AUTHORITY OR AN ACTIVITY AGREEMENT MEMBER IS INDIVIDUALLY OR PERSONALLY LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THE BONDS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE THEREOF.

Bond Insurance. The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by _____.

Reserve Fund. A Reserve Fund for the Bonds is established pursuant to the Indenture in an amount equal to the Reserve Requirement. _____ has committed to issue, concurrently with the delivery of the Bonds, a municipal bond debt service reserve insurance policy in the initial principal amount of \$_____ for deposit in the Reserve Fund. The Authority is not obligated: (i) to make any additional deposits into the Reserve Fund in the event that _____ defaults on its obligation to make payments under the municipal bond debt service reserve insurance policy; or (ii) to replace the municipal bond debt service reserve insurance policy in the event of a rating downgrade of _____.

Additional Authority Bonds. The Authority has covenanted not to create, or permit the creation of, any pledge, lien, charge or other encumbrances upon the Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are outstanding, except the pledge and assignment created by the Indenture. Subject to this limitation, the Authority has reserved the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Joint Exercise of Powers Agreement, and reserves the right to issue other obligations for such purposes.

The Authority may at any time issue additional indebtedness payable from Revenues on a parity with the Bonds if certain conditions are satisfied as described herein.

See the caption "SECURITY FOR THE BONDS—Limitations on Additional Indebtedness."

Redemption. The Bonds are subject to optional redemption and mandatory sinking fund redemption as described herein.

Continuing Disclosure. Westlands Water District has covenanted in a Continuing Disclosure Certificate for the Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to Westlands Water District within nine months after the end of Westlands Water District's fiscal year (currently ending on the last day of February of each calendar year) and to provide notices of the occurrence of certain enumerated events, if material. Westlands Water District has not failed to comply with its prior continuing disclosure obligations in any material respect in the last five years. The Authority has not entered into any continuing disclosure undertaking with respect to the Bonds.

\$ _____ *

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
REFUNDING REVENUE BONDS (DHCCP DEVELOPMENT PROJECT), SERIES 2021B**

INTRODUCTION

This Official Statement, including the cover page and all appendices hereto, provides certain information concerning the sale and delivery of the San Luis & Delta-Mendota Water Authority Refunding Revenue Bonds (DHCCP Development Project), Series 2021B (the “Bonds”). Descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. Capitalized terms used and not otherwise defined have the meanings ascribed to such terms in Appendix B.

The Bonds are being issued pursuant to an Indenture of Trust, dated as of November 1, 2020 (the “Indenture”), by and between San Luis & Delta-Mendota Water Authority (the “Authority”) and MUFG Union Bank, N.A., as trustee (the “Trustee”). The Authority is a public entity duly organized and existing under an Amended and Restated Joint Exercise of Powers Agreement -- San Luis & Delta-Mendota Water Authority (the “Joint Exercise of Powers Agreement”), dated as of January 1, 1992, by and among certain public agencies (each, a “Member” and collectively, the “Members”). Proceeds of the Bonds will be applied: (i) together with certain other moneys, including cash and securities held in a previously established escrow fund, to refund the outstanding San Luis & Delta-Mendota Water Authority Refunding Revenue Bonds (DHCCP Development Project), Series 2013A (the “2013 Bonds”); (ii) to purchase a municipal bond insurance policy to guarantee payment of principal of and interest on the Bonds; (iii) to purchase a municipal bond debt service reserve insurance policy for deposit in the Reserve Fund; and (iv) to pay certain costs of issuing the Bonds.

The 2013 Bonds were issued on behalf of certain Members (the “Prior Financing Participants”) to provide funds to refund a portion of notes issued by the Authority to fund the Authority’s share of development costs (the “DHCCP Development Costs”) related to the Delta Habitat Conservation and Conveyance Program (the “DHCCP”), all as more particularly described under the caption “THE DHCCP.” Such notes were issued by the Authority on behalf of certain Members that elected to finance their share of DHCCP Development Costs, including the Prior Financing Participants.

Certain Prior Financing Participants (the “Financing Participants”) have elected to refund their obligations due with respect to the 2013 Bonds prior to maturity through the issuance of the Bonds by the Authority. One Prior Financing Participant has prepaid its obligations with respect to the 2013 Bonds under the DHCCP Activity Agreement.

The Authority’s obligation to make payments with respect to the Bonds is a special obligation of the Authority payable solely from Revenues (as hereinafter defined, and including payments made by the Financing Participants under the DHCCP Activity Agreement) and from any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to the Indenture (except the Rebate Fund).

Revenues include: (a) all amounts received by the Authority or the Trustee pursuant to or with respect to Section 4.2 of the DHCCP Activity Agreement executed by the Financing Participants; and (b) all interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture, including the Reserve Fund. No other funds or property of the Authority, including payments from Prior Financing Participants, are or will be liable for the payment of the Bonds. See the caption “SECURITY FOR THE BONDS—Limited Liability.”

* *Preliminary, subject to change.*

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by _____ . See the caption “BOND INSURANCE.”

A Reserve Fund for the Bonds is established pursuant to the Indenture in an amount equal to the Reserve Requirement. _____ has committed to issue, concurrently with the delivery of the Bonds, a municipal bond debt service reserve insurance policy in the principal amount of \$_____ for deposit in the Reserve Fund. See the caption “FLOW OF FUNDS—The Reserve Fund Insurance Policy.” The Authority is not obligated: (i) to make any additional deposits into the Reserve Fund in the event that _____ defaults on its obligation to make payments under the municipal bond debt service reserve insurance policy; or (ii) to replace the municipal bond debt service reserve insurance policy in the event of a rating downgrade of _____.

The summaries and references to the Indenture, the Continuing Disclosure Certificate executed by the Westlands Water District as of the date of issuance of the Bonds (the “Continuing Disclosure Certificate”), the DHCCP Activity Agreement, the Escrow Agreement, and all other documents, statutes, reports and other instruments which are referred to herein do not purport to be complete, comprehensive or definitive, and each such summary or reference is qualified in its entirety by the provisions of the full such document, statute, report or instrument, copies of which are available for inspection at the offices of the Authority in Los Baños, California or from the Trustee upon request and payment of duplication cost. See Appendix B for summaries of certain provisions of the DHCCP Activity Agreement and the Indenture. Unless otherwise indicated, all financial and statistical information in this Official Statement has been provided by the Authority.

DEFEASANCE PLAN

General

The 2013 Bonds, which are currently outstanding in the aggregate principal amount of \$33,080,000, were issued pursuant to an Indenture of Trust, dated as of March 1, 2013 (the “2013 Indenture”), by and between the Authority and MUFU Union Bank, N.A., as trustee (the “2013 Trustee”). The Authority plans to apply a portion of the proceeds of the Bonds, together with amounts held in the 2017 Escrow Fund (as defined below) and certain other moneys, to refund the outstanding 2013 Bonds currently outstanding in the aggregate principal amount of \$33,080,000.

In May 2017, the Authority caused the deposit of unspent proceeds of the notes that were refunded with the proceeds of the 2013 Bonds in the amount of \$3,684,098.86 with MUFU Union Bank, N.A. pursuant to an Escrow Agreement, dated as of May 24, 2017 (the “2017 Escrow Agreement”), by and between MUFU Union Bank, N.A., acting as 2013 Trustee and as escrow agent under the 2017 Escrow Agreement (the “2017 Escrow Agent”) and the Authority. The 2017 Escrow Agent deposited such amount into an escrow fund (the “2017 Escrow Fund”) created pursuant to the 2017 Escrow Agreement and invested a portion of such deposit in securities as permitted by the 2013 Indenture. From the maturing principal of the securities and the other amounts held in the 2017 Escrow Fund, the 2017 Escrow Agent will pay a portion of the principal of the 2013 Bonds in the amount of \$4,145,000 (the “Defeased 2013 Bonds”) on March 1, 2023. Regularly scheduled payments of interest on the Defeased 2013 Bonds coming due on and before March 1, 2023 will be paid from amounts on deposit in the 2021 Escrow Fund (as defined below).

Under an Escrow Agreement (2013 Bonds), dated as of November 1, 2020 (the “2021 Escrow Agreement”), by and between the Authority and MUFU Union Bank, N.A., acting as 2013 Trustee and as escrow agent (in such capacity, the “Escrow Agent”), the Authority will deliver a portion of the proceeds of the Bonds to the Escrow Agent for deposit in the escrow fund established under the 2021 Escrow Agreement (the “2021 Escrow Fund”). The amounts received by the Authority from the Prior Financing Participant that has elected to prepay its obligation with respect to the 2013 Bonds will be transferred to the Escrow Agent and deposited into the 2021 Escrow Fund. The Escrow Agent will invest a portion of the amounts deposited in the 2021 Escrow Fund in federal securities as permitted by the 2013 Indenture. From the maturing principal of the

federal securities and the other amounts held in the 2021 Escrow Fund, the Escrow Agent (i) will pay when due all regularly scheduled payments of the principal of and interest on the 2013 Bonds coming due on and before March 1, 2023, including regularly scheduled interest on the Defeased 2013 Bonds and (ii) will pay the principal of the 2013 Bonds maturing after March 1, 2023 on March 1, 2023, other than the principal of the Defeased 2013 Bonds, which will be paid with amounts on deposit in the 2017 Escrow Fund.

Sufficiency of the deposits in the 2017 Escrow Fund and the 2021 Escrow Fund for such purposes will be verified by Robert Thomas LLP, CPA (the “Verification Agent”). Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided in the 2017 Escrow Agreement and 2021 Escrow Agreement, the 2013 Bonds will be defeased pursuant to the provisions of the 2013 Indenture, as of the date of issuance of the Bonds. See the caption “—Verification of Mathematical Computations.”

The amounts held and invested by the 2017 Escrow Agent in the 2017 Escrow Fund and the Escrow Agent in the 2021 Escrow Fund are pledged solely to the payment of the 2013 Bonds. Neither the funds deposited in the 2017 Escrow Fund and 2021 Escrow Fund nor the interest on the invested funds will be available for the payments of principal of and interest on the Bonds.

Verification of Mathematical Computations

Upon the issuance of the Bonds, the Verification Agent, an independent firm of certified public accountants, will deliver to the Authority its report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the Authority and its representatives. Included in the scope of the Verification Agent’s examination will be: (i) a verification of the mathematical accuracy of the computations of the adequacy of the moneys deposited in the 2017 Escrow Fund to pay the principal of the Defeased 2013 Bonds on March 1, 2023, and (ii) a verification of the mathematical accuracy of the computations of the adequacy of the moneys deposited in the 2021 Escrow Fund to pay when due all regularly scheduled payments of the principal of and interest on the 2013 Bonds coming due on and before March 1, 2023, and to pay the principal of the 2013 Bonds (other than the Defeased 2013 Bonds) maturing after March 1, 2023 on March 1, 2023.

THE AUTHORITY

General

The Authority is presently composed of 27 public agency Members, 25 of which are contractors with the United States and which receive water from the Central Valley Project (the “CVP”). The Authority members are located on the west side of the San Joaquin Valley in San Joaquin, Stanislaus, Merced, Fresno, and Kings Counties and in San Benito and Santa Clara Counties. The governing body of the Authority consists of a 19-member Board of Directors (each, a “Director”) appointed by five divisions within the Authority. One alternate director is appointed for each Director. Every Member is assigned to one of the five divisions, based upon geographic location. Each Director has one vote.

The Authority was established as a joint powers authority under California law in January 1992. Its Members provide water service to a total of approximately 1,200,000 acres in agricultural production, to a population of approximately two million, and to wildlife refuges within the Grasslands Water District (a Member of the Authority). The Authority was formed: (i) to assume operation and maintenance responsibilities of certain federal facilities owned by the United States which serve the Authority’s Members; and (ii) to provide for unified representation of its membership on matters of common interest, including regulatory, legislative, water rights and drainage matters, CVP operations and contracts and the dissemination of general information. The Authority has two key policy committees that make recommendations to the Board of Directors, the Finance and Administration Committee and the Water Resources Committee, as well as steering committees that oversee specific projects. The DHCCP Steering Committee oversees activities

under the DHCCP Activity Agreement. The Authority is funded by its Members, which pay operation and maintenance expenses on a per-acre foot basis for water deliveries and biannual dues to the Authority. The Authority has a staff of 100 full time employees and two part-time employees.

DHCCP Activity Agreement

Certain Members of the Authority (referred to as “Activity Agreement Members”) have entered into the San Luis & Delta-Mendota Water Authority Delta Habitat Conservation and Conveyance Program Activity Agreement (as amended, the “DHCCP Activity Agreement”) with the Authority and are obligated to pay DHCCP Development Costs allocable to the Authority pursuant to the DWR Funding Agreement (as such term is defined in Appendix B under the caption “DHCCP ACTIVITY AGREEMENT—DEFINITIONS”). Certain Activity Agreement Members (referred to as “Direct Payment Participants”) previously deposited cash with the Authority while other Activity Agreement Members (including the Prior Financing Participants) elected to finance such DHCCP Development Costs through the Authority with the proceeds of notes issued by the Authority on their behalf.

Pursuant to the DHCCP Activity Agreement, the Authority established a 7-member committee (the “DHCCP Steering Committee”) to administer the DHCCP Activity Agreement. The DHCCP Steering Committee conducts regular meetings and has the power to set DHCCP Activity Agreement terms and policies and participate in DHCCP activities.

Certain of the Prior Financing Participants have elected to refund their obligations due with respect to the 2013 Bonds under the DHCCP Activity Agreement through the issuance of the Bonds by the Authority. The remaining Prior Financing Participant prepaid its obligations with respect to the 2013 Bonds. See the caption “—Members Participating in the DHCCP.”

For further information with respect to the DHCCP Activity Agreement, see the caption “SECURITY FOR THE BONDS—DHCCP Activity Agreement with Financing Participants” and Appendix B—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” under the caption “DHCCP ACTIVITY AGREEMENT.”

Financing Participants

The following chart sets forth the Financing Participants and anticipated percentage shares of the Authority debt service on the Bonds allocable to each Financing Participant. Notwithstanding the percentage shares of debt service on the Bonds shown for the various Financing Participants below, Westlands Water District is obligated to pay 100% of the principal of and interest on the Bonds when due under the DHCCP Activity Agreement (the “DHCCP Activity Agreement”). The Trustee will apply payments of principal and interest received through the Authority from other Financing Participants to reimburse Westlands Water District. Additional information with respect to Westlands Water District is set forth in Appendix A. The Authority has not reviewed the information contained in Appendix A and makes no representation with respect to the accuracy or completeness thereof or as to the absence of material adverse changes subsequent to the date of Official Statement.

<i>Financing Participant</i>	<i>Allocable Percentage of Bond Debt Service</i> ⁽¹⁾
Broadview Water District	%
Mercy Springs Water District	
Oro Loma Water District	
Pacheco Water District	
Panoche Water District	
San Luis Water District	
Westlands Water District	
TOTAL	

⁽¹⁾ Notwithstanding the percentages set forth in the table above, Westlands Water District’s obligation under the DHCCP Activity Agreement is to pay to the Authority 100% of the principal of and interest due on the Bonds. The Authority will apply all payments of principal and interest received from Financing Participants other than Westlands Water District, to reimburse Westlands Water District for a portion of such payments. See the caption “THE AUTHORITY—Members Participating in the DHCCP.”

THE DHCCP

General. The DHCCP was a program consisting of joint efforts by agencies of the federal government and the State of California and local agencies, including the Authority, to fund and plan habitat conservation and water supply activities in the Sacramento-San Joaquin River Delta/San Francisco Bay Estuary (the “Bay-Delta”), including Bay-Delta water conveyance options. In 2017, Westlands Water District determined not to participate in Phase Two of the DHCCP. No other Authority member determined to continue participating on Phase Two of the DHCCP through the Authority.

Notwithstanding the decision of Westlands Water District not to continue participation in Phase Two of the DHCCP, Westlands Water District and the other Financing Participants remain obligated to pay amounts due under the DHCCP Activity Agreement with respect to the Bonds.

ESTIMATED SOURCES AND USES OF PROCEEDS

The following table sets forth the estimated sources and uses of proceeds of the Bonds.

Sources⁽¹⁾	
Bond Proceeds	\$
Transfer from 2013 Funds and Accounts	
Prepayment ⁽²⁾	_____
Total Sources	\$
Uses⁽¹⁾	
Escrow Fund	\$
Costs of Issuance ⁽³⁾	
Total Uses	\$

⁽¹⁾ Rounded to the nearest dollar.

⁽²⁾ Prepayment by Byron-Bethany Irrigation District and Laguna Water District of their respective shares of the obligation with respect to the 2013 Bonds.

⁽³⁾ Includes certain legal, financing, rating agency and printing costs, premium payments for the Reserve Fund Policy and the Municipal Bond Insurance Policy and Underwriter’s discount.

THE BONDS

General Provisions

The Bonds will be dated the initial date of delivery of the Bonds and will mature on the dates and in the amounts, and bear interest at the rates, set forth on the inside cover page hereof, which interest will be payable on March 1, 2021 and on each September 1 and March 1 thereafter (each an “Interest Payment Date”). The Bonds will be delivered only in fully registered form without coupons 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 Bonds. Ownership interests in the Bonds may be purchased in book entry form only in denominations of \$5,000 or any integral multiple thereof. See the caption “—Book Entry System.”

The principal of any Bond is payable by check or draft of the Trustee upon presentation and surrender thereof at maturity or upon prior redemption at the principal corporate trust office of the Trustee (the “Office of the Trustee”). Interest on each Bond 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 or draft of the Trustee sent by first class mail to the Owner at the address of such Owner as it appears on the Registration Books (except that in the case of an Owner of \$1,000,000 or more in principal amount of Bonds such payment may, at such Owner’s option, be 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 Record Date). The principal of and interest on the Bonds is payable in lawful money of the United States of America.

Each Bond bears interest from the Interest Payment Date next preceding the date of authentication thereof, unless: (i) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it bears interest from such Interest Payment Date; or (ii) it is authenticated on or before the first Record Date, in which event it will bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Interest is to be calculated on the basis of a 360 day year composed of twelve 30 day months.

Book Entry System

DTC will act as securities depository for the Bonds, and the Bonds will be registered in the name of Cede & Co. (DTC's nominee). One fully registered certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity and will be deposited with DTC. So long as Cede & Co. is the registered owner of the Bonds, references herein to the Owners of the Bonds mean Cede & Co. and do not mean the actual purchasers of the Bonds. The actual purchasers of the Bonds are referred to as the "Beneficial Owners."

The Authority cannot and does not give any assurances that DTC participants or others will distribute payments with respect to the 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 D for a further description of DTC and its book entry system. The information presented therein is based solely on information provided by DTC.

Transfers and Exchanges Upon Termination of Book Entry System

In the event that the book entry system described above is abandoned, any 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 his or her duly authorized attorney, upon surrender of said Bond at the Office of the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. The Trustee will not be required to register the transfer of any Bond during the period in which the Trustee is selecting Bonds for redemption or any Bond that has been selected for redemption. Whenever any Bond or Bonds will be surrendered for transfer, the Authority will execute and the Trustee will authenticate and will deliver a new Bond or Bonds of authorized denomination or denominations for a like aggregate principal amount of the same maturity. The Bond Owner requesting said transfer will pay any tax or other governmental charge required to be paid with respect to said transfer.

Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of other authorized denominations. The Trustee will not be required to exchange any Bond during the period in which the Trustee is selecting Bonds for redemption or any Bond that has been selected for redemption. The Bond Owner requesting such exchange will pay any tax or other governmental charge required to be paid with respect to such exchange.

Redemption

Optional Redemption. The Bonds maturing on or after March 1, 20__ will be subject to redemption prior to their respective stated maturities, as a whole or in part on any date in the order of maturity as directed by the Authority in a Written Request provided to the Trustee at least 45 days (or such lesser number of days acceptable to the Trustee in the reasonable judgment of the Trustee, said notice for the convenience of the Trustee) prior to said date, said Written Request to contain the information to be contained in the notice of redemption to be sent to Owners, as described under the caption "—Notice of Redemption", and by lot within each maturity in integral multiples of \$5,000, on or after March 1, 20__, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

Make-Whole Optional Redemption. The Bonds are subject to redemption prior to March 1, 20__ at the option of the Authority, as a whole or in part on any Business Day in the order of maturity as directed by the Authority in a Written Request provided to the Trustee at least thirty-five (35) days (or such lesser number of days acceptable to the Trustee in the reasonable judgment of the Trustee, said notice for the convenience of the Trustee) prior to said date, said Written Request to contain the information to be contained in the notice of

redemption to be sent to Owners, as described under the caption “—Notice of Redemption”, and by lot within each maturity in integral multiples of \$5,000, at the Make-Whole Redemption Price.

“Make-Whole Redemption Price” means the greater of (1) 100% of the principal amount of the Bonds being redeemed, and (2) the sum of the present values of the remaining unpaid scheduled payments of principal and interest on any Bonds being redeemed, not including any portion of those payments of interest accrued and unpaid to the date of redemption, discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus __ basis points, plus accrued and unpaid interest on the Bonds to be redeemed on the Redemption Date.

The “Treasury Rate” is, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical H.1 (519) that has become publicly available at least two (2) Business Days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Bonds to be redeemed. However, if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Mandatory Sinking Fund Redemption. The Bonds with stated maturities on March 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on each March 1 on and after March 1, 20__, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date</i> <i>(March 1)</i>	<i>Principal</i> <i>Amount</i>
--	-----------------------------------

* Final Maturity.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, Bonds will be selected for redemption in accordance with DTC procedures by lot and in integral multiples of \$5,000.

Notice of Redemption. Notice of redemption will be mailed by first class mail not less than twenty (20) nor more than sixty (60) days before any Redemption Date, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Registration Books, to the Securities Depositories and to the Information Services. Each notice of redemption will state the Redemption Date, the place or places of redemption, whether less than all of the Bonds are to be redeemed, the distinctive numbers of the Bonds to be redeemed, and in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each said notice will also state that on the Redemption Date there will become due and payable on each of said Bonds or parts thereof designated for redemption the Redemption Price thereof, and that from and after said Redemption Date interest thereon will cease to accrue, and will require that said Bonds be surrendered. Neither the failure to receive any notice nor any defect therein will affect the validity of the proceedings for said redemption or the cessation of accrual of interest from and after the Redemption Date. Notice of redemption of Bonds will be given by the Trustee, upon receipt of the Written Request delivered pursuant to the Indenture, at the expense of the Authority, for and on behalf of the Authority.

Any notice of optional redemption of Bonds may further state that said redemption will be conditional upon the irrevocable deposit with the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on said Bonds to be redeemed and that, if said moneys will not have been so deposited, said notice will be of no force and effect and the Trustee will not be required to redeem said Bonds. In the event that said notice of redemption contains such a condition and said moneys are not so deposited, the redemption will not be made, and the Trustee will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that said moneys were not so received, and that the notice of redemption originally sent is of no further force and effect.

Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered and of the same interest rate and maturity.

Effect of Redemption. Notice of redemption having been duly given as described under caption “— Notice of Redemption”, and moneys for payment of the Redemption Price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption being irrevocably deposited with the Trustee, on the Redemption Date designated in said notice, the Bonds (or portions thereof) so called for redemption will become irrevocably due and payable, interest on the Bonds so called for redemption will cease to accrue, said Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of said 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 Bonds to be redeemed on their Redemption Dates, pay said Bonds at the Redemption Price.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Debt Service Schedule

Set forth below is a schedule of principal of and interest on the Bonds for the period ending March 1 in each of the years indicated:

<i>Bonds</i>				
<i>March 1</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Total Debt Service</i>
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
TOTAL				

Source: Citigroup Global Markets Inc.

SECURITY FOR THE BONDS

General

Pursuant to the Indenture, the Authority has irrevocably pledged all of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to the Indenture to secure the payment of the principal of and interest, and the premium, if any, on the Bonds in accordance with their terms and the provisions of the Indenture, subject only to the provisions of the Indenture permitting the application of any of the foregoing for the purposes and on the terms and conditions set forth therein. The Authority has covenanted that said pledge, together with the pledge created by all other obligations payable from Revenues on a parity with the Bonds, will constitute a lien on and security interest in said amounts 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 Authority, irrespective of whether said parties have notice of the Indenture.

In addition, the Authority, for good and valuable consideration in hand received, has irrevocably sold, assigned and transferred to the Trustee without recourse, for the benefit of the Owners of the Bonds, all of its rights, title and interest in certain payments made by Financing Participants pursuant to the DHCCP Activity Agreement, including all rights of the Authority thereunder as may be necessary to enforce compliance with said provisions (including enforcement of payment obligations and rate covenants, if any, contained in the DHCCP Activity Agreement) or otherwise to protect the interest of the Owners of the Bonds subject to the

terms of the Indenture. Said assignment will be immediate and presently effective, subject to and limited by the terms of the Indenture. See the caption “—DHCCP Activity Agreement with Financing Participants.”

All Revenues will be promptly transferred by the Authority upon receipt thereof to the Trustee for deposit in a special fund designated as the Revenue Fund, which fund was established pursuant to the Indenture, and which fund the Trustee will hold in trust so long as any Bonds are Outstanding; except that all moneys received by the Trustee and required under the Indenture to be deposited in the Redemption Fund or the Reserve Fund will be promptly deposited therein. See the caption “FLOW OF FUNDS.” All Revenues deposited with the Trustee will be held, disbursed, allocated and applied by the Trustee as described under the caption “FLOW OF FUNDS.” The Trustee will establish a 2021B Bonds Interest Principal Account within the Revenue Fund.

DHCCP Activity Agreement with Financing Participants

Each Financing Participant has entered into the DHCCP Activity Agreement in order to provide for the payment of a portion of the Authority’s share of DHCCP Development Costs. In accordance with the provisions of the DHCCP Activity Agreement, the Authority will fix charges to each Financing Participant in order to produce revenues equal to the amounts anticipated to be needed by the Authority to pay debt service on the Bonds and certain other administrative costs.

Each Financing Participant is obligated to pay a share of debt service on the Bonds and is required to make payments under the DHCCP Activity Agreement solely from the revenues of its water system or irrigation system prior to any of such Financing Participant’s bond, notes or other evidences of indebtedness. Each Financing Participant has agreed in the DHCCP Activity Agreement that it will, to the fullest extent permitted by law, fix, prescribe and collect rates, charges or assessments for its Water System which will be at least sufficient to yield each fiscal year net water system or irrigation system revenues equal to 100% of the sum of such payments required to be made by such Financing Participant in such fiscal year pursuant to the DHCCP Activity Agreement.

The obligation of each Financing Participant to make payments under the DHCCP Activity Agreement is a several obligation and not a joint obligation with those of the other Financing Participants. Activity Agreement Members which contributed cash and the Prior Financing Participant which has elected to not refund its obligation with respect to the 2013 Bonds through the issuance of the Bonds by the Authority are not Financing Participants. Payments to the Authority from such Activity Agreement Members will be applied to satisfy such Activity Agreement Members’ obligations under the DHCCP Activity Agreement. See the caption “THE AUTHORITY—DHCCP Activity Agreement.”

The DHCCP Activity Agreement set forth detailed provisions concerning the time and method of payment by each Activity Agreement Member of certain costs, as well as the method of allocation of such costs and expenses and the remedies available to the Authority in the event that an Activity Agreement Member defaults in its payments to the Authority. For a summary of these provisions see the caption “THE AUTHORITY—DHCCP Activity Agreement” and Appendix B—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” under the caption “DHCCP ACTIVITY AGREEMENT.”

Limited Liability

NOTWITHSTANDING ANYTHING IN THE INDENTURE OR THE BONDS, THE AUTHORITY WILL NOT BE REQUIRED TO ADVANCE ANY MONEYS DERIVED FROM ANY SOURCE OTHER THAN THE REVENUES 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 BONDS OR FOR ANY OTHER PURPOSE OF THE INDENTURE. NEVERTHELESS, THE AUTHORITY MAY, BUT WILL NOT BE REQUIRED TO,

ADVANCE FOR ANY OF THE PURPOSES OF THE INDENTURE ANY FUNDS OF THE AUTHORITY WHICH MAY BE MADE AVAILABLE TO IT FOR SUCH PURPOSES.

THE BONDS ARE NOT A DEBT OF THE MEMBERS OF THE AUTHORITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AUTHORITY), AND NEITHER THE MEMBERS OF THE AUTHORITY, SAID STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AUTHORITY) IS LIABLE UNDER THE INDENTURE. IN NO EVENT WILL THE BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OF THE AUTHORITY OTHER THAN THE REVENUES AND OTHER AMOUNTS PLEDGED UNDER THE INDENTURE. NO FINANCING PARTICIPANTS WILL HAVE ANY LIABILITY OR OBLIGATION WITH RESPECT TO AMOUNTS PAYABLE UNDER THE DHCCP ACTIVITY AGREEMENT EXCEPT WITH RESPECT TO PAYMENTS TO BE MADE PURSUANT TO THE DHCCP ACTIVITY AGREEMENT EXECUTED BY SAID FINANCING PARTICIPANT. THE BONDS WILL NOT CONSTITUTE AN INDEBTEDNESS OF THE AUTHORITY IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION.

Limitations on Additional Indebtedness

The Authority may at any time issue additional indebtedness payable from Revenues on a parity with the Bonds, so long as: (a) no Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) under the Indenture will have occurred and be continuing (unless such Event of Default will be cured upon said issuance); (b) the DHCCP Activity Agreement is in full force and effect, (c) Westlands Water District continues to be a Financing Participant under the DHCCP Activity Agreement; and (d) the Trustee receives an Opinion of Counsel to the effect that said additional indebtedness is permitted under law, the Joint Powers Agreement and the DHCCP Activity Agreement and is secured by Revenues on a parity with the Bonds.

FLOW OF FUNDS

Revenue Fund

The Trustee will transfer from the Revenue Fund and deposit into the following respective accounts and funds the following amounts in the following order of priority and at the following times, the requirements of each said account and fund (including the making up of any deficiencies in any said account or fund 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 or fund subsequent in priority:

(a) Not later than each Payment Date, the Trustee will deposit in the 2021B Bonds Interest Account that sum, if any, required to cause the aggregate amount on deposit in the 2021B Bonds Interest Account to be at least equal to the amount of interest becoming due and payable on said date on all Bonds then Outstanding. The Trustee will also transfer to the applicable trustee for deposit in any applicable interest account, without preference or priority, and in the event of any insufficiency of said moneys ratably without any discrimination or preference, interest on any additional indebtedness payable from Revenues on a parity with the Bonds in accordance with the provisions of the indenture, resolution or contract relating thereto.

(b) Not later than each Payment Date, the Trustee will deposit in the 2021B Bonds Principal Account that sum, if any, required to cause the aggregate amount on deposit in the 2021B Bonds Principal Account to equal the principal amount of the Bonds coming due and payable on said date or subject to mandatory sinking fund redemption on said date. The Trustee will also transfer to the applicable trustee for deposit in any applicable principal account, without preference or priority, and in the event of any insufficiency of said moneys ratably without any discrimination or preference, principal on any additional indebtedness payable from Revenues on a parity with the Bonds, in accordance with the provisions of the indenture, resolution or contract relating thereto.

(c) On each Interest Payment Date, the Trustee will, from the remaining moneys in the Revenue Fund, thereafter, without preference or priority and in the event of any insufficiency of said moneys ratably without any discrimination or preference, transfer to the Reserve Fund and to the applicable trustee for said other reserve funds and/or accounts, if any, as may have been established in connection with any additional indebtedness payable from Revenues on a parity with the Bonds, that sum, if any, necessary to restore said funds or accounts to an amount equal to the reserve requirement with respect thereto; provided, however, that the Authority may provide for the Reserve Requirement with respect to the Reserve Fund by means other than cash and Permitted Investments pursuant to the Indenture.

(d) On each Interest Payment Date, the Trustee will transfer all amounts remaining on deposit in the Revenue Fund to Westlands Water District in accordance with the DHCCP Activity Agreement.

All amounts in the 2021B Bonds Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it will become due and payable (including accrued interest on any Bonds purchased or accelerated prior to maturity pursuant to the Indenture). All amounts in the 2021B Bonds Principal Account will be used and withdrawn by the Trustee solely to pay the principal amount of the Bonds at maturity, mandatory sinking fund redemption, purchase or acceleration; provided, however, that at any time prior to selection for redemption of any said Bonds, upon written direction of the Authority, the Trustee will apply said amounts to the purchase of 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 2021B Bonds Interest Account) as will be directed pursuant to a Request of the Authority, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to the Bonds.

The Reserve Fund Insurance Policy

_____ (“___”) has made a commitment to issue a municipal bond debt service reserve insurance policy for the Reserve Fund with respect to the Bonds (the “Reserve Fund Policy”), effective as of the date of issuance of the Bonds. Under the terms of the Reserve Fund Policy, ___ will, subject to the Policy Limits described below, unconditionally and irrevocably guarantee to pay that portion of the scheduled principal of and interest on the Bonds that becomes due for payment but will be unpaid by reason of nonpayment by the Authority (the “Insured Payments”).

___ will pay each portion of an Insured Payment that is due for payment and unpaid by reason of nonpayment by the Authority to the Trustee, as beneficiary of the Reserve Fund Policy on behalf of the holders of the Bonds, on the later to occur of: (i) the date that such scheduled principal or interest becomes due for payment; or (ii) the Business Day next following the day on which ___ receives a demand for payment therefor in accordance with the terms of the Reserve Fund Policy.

No payment will be made under the Reserve Fund Policy in excess of the lesser of \$_____ and the Reserve Requirement established for the Bonds (the “Reserve Fund Policy Limit”). Pursuant to the terms of the Reserve Fund Policy, the amount available at any particular time to be paid to the Trustee will automatically be reduced to the extent of any payment made by ___ under the Reserve Fund Policy, provided that, to the extent of the reimbursement of said payment by the Authority to ___, the amount available under the Reserve Fund Policy will be reinstated in full or in part, in an amount not to exceed the Reserve Fund Policy Limit.

The Reserve Fund Policy does not insure against nonpayment caused by the insolvency or negligence of the Trustee.

___ makes no representation regarding the Bonds or the advisability or suitability of investing in the Bonds. In addition, ___ has not verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure

contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding _____, supplied by _____ and presented under the captions “BOND INSURANCE” and “FLOW OF FUNDS—The Reserve Fund Insurance Policy.”

The Authority is not obligated: (i) to make any additional deposits into the Reserve Fund in the event that _____ defaults on its obligation to make payments under the Reserve Fund Policy; or (ii) to replace the Reserve Fund Policy in the event of a rating downgrade of _____.

Redemption Fund

Pursuant to the Indenture, the Trustee is directed to establish and maintain to hold a special fund designated as the “Redemption Fund” and to hold in trust all amounts therein. All amounts in the Redemption Fund will be used and withdrawn by the Trustee solely for the purpose of paying the principal of and accrued interest on the Bonds to be redeemed on such Redemption Date as described under the caption “THE BONDS—REDEMPTION,”; provided, however, that at any time prior to selection for redemption of any said Bonds, upon written direction of the Authority, the Trustee will apply said amounts to the purchase of Bonds at public or private sale, as and when and at said prices (including brokerage and other charges, but excluding accrued interest, which is payable from the 2021B Bonds Interest Account) as will be directed pursuant to a Request of the Authority, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to the Bonds.

BOND INSURANCE

The information under this caption has been prepared by _____ for inclusion in this Official Statement. Neither the Authority nor the Underwriter has reviewed this information, nor does the Authority or the Underwriter make any representation with respect to the accuracy or completeness thereof. The following information is not a complete summary of the terms of the Policy and reference is made to Appendix F for a specimen of the Policy.

[TO COME FROM BOND INSURER WHEN SELECTED]

APPROVAL OF LEGAL PROCEEDINGS

The legality and enforceability of the 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 C. Certain legal matters will be passed upon for the Authority by Rebecca Akroyd, Esq., its general counsel, for the Underwriter by its counsel, Gilmore & Bell LLC, Salt Lake City, Utah, for _____ by its counsel, for the Trustee by its counsel and for Westlands Water District by its general counsel and Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel.

Bond Counsel expresses no opinion to the Owners of the Bonds as to the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds and expressly disclaims any duty to do so.

The fees being paid to Bond Counsel and counsel to the Underwriter are contingent upon the issuance of the Bonds.

Bond Counsel represents the Authority in connection with the issuance of the Bonds and jointly represents the Authority and Westlands Water District with respect to certain matter related to the Official Statement. Bond Counsel represents the Underwriter from time-to-time on matters unrelated to the Authority, Westlands Water District or the Bonds. While Bond Counsel provides bond counsel services to certain Authority Financing Participants from time-to-time, including Westlands Water District, San Luis Water District and Panoche Water District as well as other Authority members, Bond Counsel is not representing any

Financing Participants or other Authority members in connection with the issuance of the Bonds except as described above.

LITIGATION

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

At the time of delivery of and payment for the Bonds, Westlands Water District will certify that, except as discussed in Appendix A, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of Westlands Water District, threatened against Westlands Water District affecting the existence of Westlands Water District or the titles of its directors or officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the validity or enforceability of the Bonds, the Indenture, the DHCCP Activity Agreement or any action of Westlands Water District contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of Westlands Water District or any action of Westlands Water District contemplated by any of said documents, nor to the knowledge of Westlands Water District, is there any basis therefor. See Appendix A under the captions “Drainage” and “LITIGATION” for a discussion of certain litigation related to Westlands Water District.

CONTINUING DISCLOSURE

Westlands Water District has covenanted in a Continuing Disclosure Certificate for the benefit of Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data (the “Annual Report”) relating to Westlands Water District within nine months after the end of Westlands Water District’s fiscal year (currently ending on the last day of February of each calendar year), commencing with the report for the fiscal year ending February 28, 2021, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by Westlands Water District with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System, maintained on the Internet at <http://emma.msrb.org>. The specific nature of the information to be contained in the Annual Report and Notice of material events is set forth in Appendix E. These covenants have been made in order to assist the participating underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934.

In the past five years, Westlands Water District has been subject to certain continuing disclosure undertakings (the “Prior Continuing Westlands Disclosure Undertaking”). Pursuant to the Prior Continuing Westlands Disclosure Undertaking, Westlands Water District agreed to file its audited financial reports, certain operating data, notices of certain enumerated events and notices of the occurrence of certain other enumerated events, if material.

On October 19, 2016, Westlands Water District made supplemental filings to provide notices of prior rating changes with respect to the insurers of certain of its then outstanding certificates of participation. On October 20, 2016, Westlands Water District made supplemental filings to correct certain non-cash items in Interest Income amounts for Fiscal Years 2011, 2012, 2013, 2014 and 2015.

Based on the annual reports filed in accordance with the Prior Westlands Continuing Disclosure Undertaking and the filing described above, Westlands Water District believes that it is currently in compliance in all material respects with the Prior Westlands Continuing Disclosure Undertaking.

In order to ensure compliance by Westlands Water District with its continuing disclosure undertakings in the future, the Board of Directors of Westlands Water District approved an updated Policy for Disclosure Procedures on April 21, 2020 (the “Westlands Disclosure Procedures”). Such Westlands Disclosure Procedures are an update to the Policy for Disclosure Procedures originally adopted on May 20, 2014. Pursuant to the Westlands Disclosure Procedures, the Treasurer and/or Deputy General Manager - Finance & Administration is required to take steps to ensure that continuing disclosure filings are prepared and filed in a timely manner.

TAX MATTERS

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest with respect to the Bonds is exempt from State of California personal income tax.

The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner’s basis in the Bond.

The amount by which a Bond Owner’s original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which a Bond holder may elect to amortize under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner’s basis in the applicable Bond (and the amount of taxable interest received), and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in an Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bond should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

In the event of a legal defeasance of a Bond, such bond might be treated as retired and “reissued” for federal tax purposes as of the date of the defeasance, potentially resulting in recognition of taxable gain or loss to the applicable Bond Owner generally equal to the difference between the amount deemed realized from the deemed redemption and reissuance and the Bond Owner’s adjusted tax basis in such bond.

The federal tax and State of California personal income tax discussion set forth above is included for general information only and may not be applicable depending upon an owner’s particular situation. The ownership and disposal of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to the 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 Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

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

RATINGS

The Authority expects that S&P will assign the Bonds the rating of “__” based upon the delivery of the Policy and that S&P will assign the Bonds the underlying rating of “__”, notwithstanding the delivery of the Policy. There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by S&P if, in the judgment of S&P, as applicable, circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. Such ratings reflect only the views of S&P, and an explanation of the significance of such ratings may be obtained from S&P.

Westlands Water District has covenanted in a Continuing Disclosure Certificate to file on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (“EMMA”), notices of any rating changes on the Bonds. See the caption “CONTINUING DISCLOSURE” above and Appendix E—“FORM OF WESTLANDS WATER DISTRICT CONTINUING DISCLOSURE CERTIFICATE” attached hereto. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to Westlands Water District and prior to the date Westlands Water District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the ratings agencies and their respective websites and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

In providing a rating on the 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. Neither the Authority nor the Westlands Water District make any representations as to any such calculations, and such calculations should not be construed as a representation by the Authority or Westlands Water District as to past or future compliance with any financial covenants, the availability of particular revenues for the payment of the Bonds or for any other purpose.

Neither the Authority nor Westlands Water District make any representations as to ___’s creditworthiness and no representation that ___’s credit rating will be maintained in the future. S&P has previously taken action to downgrade the ratings of certain municipal bond insurers and has published various releases outlining the processes that S&P intends to follow in evaluating the ratings of financial guarantors. For some financial guarantors, the result of such evaluations could be a rating affirmation, a change in rating outlook, a review for downgrade or a downgrade. Potential investors are directed to S&P for additional information on S&P’s evaluations of the financial guaranty industry and individual financial guarantors, including ___. See the caption “BOND INSURANCE” for further information relating to ___.

MUNICIPAL ADVISOR

The Authority has retained Fieldman, Rolapp & Associates, Inc., Irvine, California, as municipal advisor (the “Municipal Advisor”) in connection with the issuance of the Bonds. The Municipal Advisor is not obligated to undertake and 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 fees being paid to the Municipal Advisor are contingent upon the issuance of the Bonds.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

UNDERWRITING

The Bonds will be purchased by Citigroup Global Markets Inc., as underwriter (the “Underwriter”), under a Purchase Contract, dated _____, 2021 (the “Purchase Contract”), pursuant to which the Underwriter agrees to purchase all, but not less than all, of the Bonds for an aggregate purchase price of \$_____ (representing the principal amount thereof and less an Underwriter’s discount of \$_____). The Purchase

Contract provides that the Underwriter will purchase all of the 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 price may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering price.

The Underwriter has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, the Underwriter may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, the Underwriter will compensate Fidelity for its selling efforts.

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 the Authority for which they received or will receive customary fees and expenses. In addition, certain affiliates of the Underwriter are lenders, and in some cases agents or managers for the lenders, under credit and liquidity facilities.

In the ordinary course of their various business activities, the Underwriter and its respective 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 the Authority.

FORWARD LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the captions "THE AUTHORITY," "SECURITY FOR THE BONDS," and in Appendix A hereto.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

MISCELLANEOUS

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 Bonds.

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

SAN LUIS & DELTA-MENDOTA AUTHORITY

By: _____
Chair

APPENDIX A

INFORMATION CONCERNING WESTLANDS WATER DISTRICT

General

Westlands Water District (the “District”) is a California water district duly organized and existing under Division 13 of the California Water Code (the “Law”). The District has the powers under the Law to, among other things, provide water service within its water service area. The District was originally formed in 1952 under the Law for the purpose of furnishing irrigation water and drainage service to farmers within the District. The District has operated continuously since its formation and in 1965 was merged with the Westplains Water Storage District (“Westplains”) pursuant to the Westlands Water District Merger Law, California Water Code section 37800, *et seq.* (the “Westlands Water District Merger Law”).

The District is located on the west side of the San Joaquin Valley and includes approximately 614,700 acres in Fresno and Kings Counties, of which approximately 564,000 acres are irrigable. See the caption “— Land and Land Use.” The District currently provides agricultural water service to approximately 642 water user accounts through over 2,668 meters and municipal and industrial water to approximately 194 water user accounts.

The District has formed two distribution districts within the District. Distribution District No. 1 (“Distribution District No. 1”) was formed to comply the *Barcellos* Judgment, described under the caption “District Water Supply – CVP Contract,” and encompasses all of Area 2A and Area 2B (as identified in the *Barcellos* Judgment and together comprising the former Westplains) plus lands annexed into the District after June 29, 1965. Distribution District No. 2 (“Distribution District No. 2”) includes approximately 3,571 non-contiguous acres which are situated at various locations within the District. See the caption “District Water Supply-CVP Assignment Contract Water.” Distribution District No. 1 and Distribution District No. 2 are collectively referred to herein as the “Distribution Districts.”

District Powers

The District has broad general powers, as set forth under the Law, to perform all necessary or proper acts, including but not limited to the authority to acquire, plan, construct, maintain, improve, operate and keep in repair the necessary works for the production, storage, transmission, and distribution of water for irrigation, domestic, industrial, and municipal purposes, and any drainage or reclamation works connected therewith or incidental thereto; the right of eminent domain; authority to impose land-based charges; authority to levy assessments or, in lieu thereof, to fix and collect charges for water, including standby charges made to holders of title to land to which water may be made available, whether or not the water is actually used; authority to establish rules and regulations for the sale and distribution of water, including rules for providing that water shall not be furnished to persons against whom there are delinquent water or other charges; authority to contract with the United States, the State of California (the “State”) and the agencies of either; the power to join with one or more public agencies, private corporations or other persons for the purpose of carrying out any of the powers of the District; and the authority to acquire property or rights in property necessary or proper for District works and to supply the land with sufficient water for all District purposes.

Governance

The District is governed by a nine-member Board of Directors (the “Board”) elected by the landowners in the District to staggered 4-year terms. The current directors, the date of initial election or appointment, and the expiration dates of their terms are set forth below.

Board of Directors

<i>Name</i>	<i>Elected/Appointed</i>	<i>Term Expires</i>
Dan Errotabere, President	1993	December 2022
Frank Coelho Jr., Vice President	1991	December 2024
Jim Anderson	2013	December 2024
William Bourdeau	2015	December 2024
Kevin Assemi	2020	December 2024
Ryan Ferguson	2017	December 2022
Todd Neves	2009	December 2024
Stan Nunn	2019	December 2022
Don Peracchi	2008	December 2022

The Board also serves as the board of directors of Distribution Districts and the San Luis Unit/Westlands Water District Financing Authority (the Financing Authority”), a joint exercise of powers authority formed by the District and the San Luis Water District pursuant to California Government Code section 6500 *et seq.* Members of the District Board, Dan Errotabere, Ryan Ferguson and Stan Nunn, also serve as the board of directors of the Westlands Water District Financing Corporation, a non-profit public benefit corporation formed pursuant California Corporations Code section 5110 *et seq.* In addition, members of the District Board, Dan Errotabere, Stan Nunn, Ryan Ferguson, and William Bourdeau, serve on the board of directors as members and alternates of SLDMWA.

Management

Thomas W. Birmingham is the General Manager of the District. Mr. Birmingham is responsible for the oversight and management of the daily operations and maintenance of the District and representing the District in the federal and statewide water policy arena. Mr. Birmingham was hired by the District as its general manager/general counsel on October 1, 2000, and reports directly to the Board. Mr. Birmingham received a Bachelor of Arts from University of California, Los Angeles and a Juris Doctor, with distinction, from University of Pacific, McGeorge School of Law. Prior to his appointment as general manager/general counsel on October 1, 2000, Mr. Birmingham was a shareholder in the law firm of Kronick, Moskovitz, Tiedemann & Girard. From 1995 to 2000, Mr. Birmingham served as the District’s outside general counsel. Prior to that, for a period of nine years, Mr. Birmingham was special counsel to the District on a variety of matters, including reclamation law, drainage and water supply.

Jon D. Rubin has served as the District’s General Counsel since June 1, 2018 and reports directly to the Board. Prior to joining the District, Mr. Rubin served as general counsel for SLDMWA, a joint exercise of powers authority, of which the District is a member. Mr. Rubin was in private practice before he joined SLDMWA. While in private practice, Mr. Rubin represented private and public entities and people on a variety of issues, most of which concerned water and environmental laws. He earned a Bachelor of Science degree from the University of Delaware and his Doctor of Jurisprudence degree from New York Law School. Mr. Rubin was admitted to the California Bar in 1998.

Jose Gutierrez is the Chief Operating Officer of the District and joined the District in November 2012, and reports directly to the General Manager. Mr. Gutierrez is responsible for overseeing and managing the respective divisions of the District that are responsible for carrying out the District’s mission. Those divisions are Resources, Finance & Administration, and Operations & Maintenance. Prior to his employment with the District, his professional experience included approximately three years serving as an engineer with the United States Environmental Protection Agency, and 17 years as a consulting engineer working on water-related projects throughout the State. He is a registered Professional Engineer in Civil Engineering in the State and has held the license continuously since 1997. He earned a Bachelor of Science and Master of Science from the University of California at Berkeley. His coursework focused on groundwater and surface water supply and treatment.

Bobbie Ormonde is the Deputy General Manager - Finance & Administration of the District and has served in such capacity since October 24, 2011. Ms. Ormonde reports to the Chief Operating Officer and is responsible for planning, organizing and directing all accounting, finance and administration activities of the District. Prior to her employment with the District, Ms. Ormonde was the Deputy Treasurer-Tax Collector of the County of Fresno, California for approximately 13 years. Ms. Ormonde received a Bachelor of Science Degree in Business Administration – Accounting from California State University, Fresno. Ms. Ormonde is a California Certified Public Accountant and Certified Public Finance Officer, a designation awarded by the Government Finance Officers Association of the United States and Canada.

Employees

The Board delegates day-to-day management of the District to the general manager and other staff of the District. The District currently employs approximately 117 full-time and two part-time staff members. The General Manager’s office consists of eight full-time staff members involved with executive administration and public information. The Finance & Administration Division, which consists of the Purchasing, General Accounting, Customer Accounting and Human Resources & Administration departments, consists of 33 employees. The Resources Division consists of 13 employees involved in water and other resource activities. Another 63 employees work in the Operations & Maintenance Division, which consists of the Operations, Mechanical Maintenance, Field Engineering and Planning, Fleet Services, Electrical Maintenance and Civil & Preventive Maintenance Departments. The General Counsel is outside of the Divisions discussed above.

The Operating Engineers Local Union Number 3 (the “Union”) represents 54 nonmanagement employees. The District and the Union executed a Memorandum of Understanding for the Miscellaneous Nonsupervisory Unit (the “Miscellaneous Employees Memorandum”). The term of the Miscellaneous Employees Memorandum runs from March 1, 2019 to February 28, 2022. The Westlands Office & Clerical Employee Association represents 29 office and clerical employees. The District and the Westlands Office & Clerical Employee Association executed a Memorandum of Understanding for the Office & Clerical Employee Unit (the “Office and Clerical Employees Memorandum”). The term of the Office & Clerical Employees Memorandum runs from March 1, 2019 to February 28, 2022.

Employee Benefits

Defined Benefit Pension Plans. The Plans are cost-sharing, multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (“CalPERS”). A full description of the pension plans regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2018 Annual Actuarial Valuation Reports. Details of the benefits provided can be obtained in Appendix B of Section Two of the actuarial valuation reports. The actuarial valuation reports and CalPERS’ audited financial statements are publicly available reports that can be obtained from CalPERS’ website under Forms and Publications, at www.calpers.ca.gov.

Benefits Provided. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. The District offers two benefit plans and eligibility is based on date of employment. The Miscellaneous Plan provides a benefit formula of 2.0% at age 55 for employees hired on or before December 31, 2012. The employees that qualify under the Miscellaneous Plan are commonly referred to as Classic members. The PEPRM Miscellaneous Plan, offered pursuant to the California Public Employees’ Pension Reform Act of 2013 (“PEPRA”), provides a benefit formula of 2.0% at age 62 for employees hired on or after January 1, 2013. The employees that qualify under the PEPRA Miscellaneous Plan are commonly referred to as PEPRA members. Classic members with five years of total service are eligible to retire at age 50 (52 for PEPRA Miscellaneous Plan members) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the

Optional Settlement 2W Death Benefit. The cost of living adjustments are applied as specified by the California Public Employees’ Retirement Law (“PERL”).

The Miscellaneous Plan and the PEPRA Miscellaneous Plan (together, the “Plans”) operate under the provisions of PERL, PEPRA, and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plans’ 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 Plans’ provisions and benefits in effect at March 1, 2020, are summarized as follows:

	<i>Classic Members</i>	<i>PEPRA Members</i>
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Minimum retirement age	50	52
Monthly benefits as a % of eligible compensation	1.426% to 2.418%	1% to 2.5%
Required employee contribution	7%	6.250%
Required employer contribution		
March 1, 2018 – June 30, 2018	8.921%	6.533%
July 1, 2018 – June 30, 2019	9.409%	6.842%
July 1, 2019– June 30, 2020	10.221%	6.985%
Unfunded Liability Payment	\$672,158	\$5,305

Contributions. Section 20814(c) of the PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. For public agency cost-sharing plans covered by the miscellaneous risk pool, the actuarially determined rate is based on the estimated amount necessary to pay each Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees.

Net Pension Liability. The District’s net pension liability for each Plan is measured as the total pension liability, less the each Plan’s fiduciary net position. The net pension liability of each Plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows:

Actuarial Assumptions. For the measurement period ended June 30, 2019 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. The June 30, 2018 and June 30, 2019 pension liabilities were based on the following actuarial methods and assumptions:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Actuarial cost method	Entry-age normal cost
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Investment rate of return	7.00%
Mortality rate table	Derived using CalPERS membership data for all funds
Post retirement benefit increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

Discount Rate. The discount rate used to measure the total pension liability 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 Plans' 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 CalPERS miscellaneous risk pool'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 from CalPERS' website under Forms and Publications, at www.calpers.ca.gov. The Plans' fiduciary net position and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis used by the CalPERS miscellaneous risk pool, 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 each plan. Investments are reported at fair value.

Proportionate Share of Net Pension Liability. The District's net pension liability for the CalPERS miscellaneous risk pool is measured as the proportionate share of the net pension liability. The net pension liability of the CalPERS miscellaneous risk pool is measured as of June 30, 2019, and the total pension liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the Plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the CalPERS miscellaneous risk pool as of June 30, 2019 was as follows:

Proportionate Share	0.32294%
---------------------	----------

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following table presents the District's proportionate share of the net pension liability/(asset) for each Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	<i>Discount Rate -1%</i> 6.15%	<i>Current Discount Rate</i> 7.15%	<i>Discount Rate +1%</i> 8.15%
District's Share of Net Pension Liability/(Asset)	\$23,393,863	\$12,932,240	\$4,296,910

Subsequent Events. Additional contributions were made subsequent to the measurement date.

Deferred Outflows and Deferred Inflows of Resources Related to Pensions. The following table presents deferred outflows and deferred inflows of resources related to pensions as of February 29, 2020:

	<i>Deferred Outflows</i>	<i>Deferred Inflows</i>
Change in Proportion	\$ 1,680,649	\$ 81,431
Changes in Assumptions	616,669	218,604
Difference between Actual and Expected Experiences	898,198	69,592
Net Difference between Projected and Actual Earnings	0	0
Difference between Actual and Proportionate Share of Contribution		2,317,388
Pension Contributions Subsequent to the Measurement Date	<u>1,198,464</u>	
Total	\$ 4,393,980	\$ 2,913,111

The amounts above are net of outflows and inflows recognized in the 2018-2019 measurement period expense. Contributions of \$1,148,464 made subsequent to the measurement date are reported as deferred outflows of resources but will be recognized as a reduction in pension liability in the fiscal year ending February 28, 2021. Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

<i>Measurement Period Ended February 28</i>	<i>Deferred Outflows/(Inflows) of Resources</i>
2021	\$ 486,573
2022	(191,482)
2023	(58,372)
2024	45,687
2025	-
Remaining	-

Further information with respect to the District’s pension plan is set forth in Note N of EXHIBIT A-1 TO APPENDIX A—“WESTLANDS WATER DISTRICT FINANCIAL STATEMENTS” attached hereto.

Other Post Employment Benefits. In addition to required contributions for retirement benefits for employees, the District pays certain post-employment health care and other non-pension benefits (“OPEB”) for such employees. An eligible participant is defined as an employee who is continuously employed by the District who qualifies and retires from CalPERS with a service or disability retirement and elects continued enrollment in the CalPERS Health Benefit Plan. Through CalPERS, the District offers medical insurance to active and retired employees, as well as their qualified dependents under the Public Employees’ Medical and Hospital Care Act (“PEMHCA”). Under PEMHCA, health coverage for the employee continues into retirement. Current plans offered are PERSCare, PERS Select, PERS Choice, Blue Shield Access, HealthNet SmartCare, Kaiser, United HealthCare, Anthem HMO Select and Anthem HMO Traditional. The District is a participant in the California Employer’s Retirement Benefit Trust (“CERBT”) which is an agent multiple-employer plan available to employers to pre-fund OPEB benefits. CERBT is administered through CalPERS. Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued CERBT Fund financial reports can be obtained by writing to California Public Employees’ Retirement System, P.O. Box 942701, Sacramento, CA 94229-2701.

Funding Policy and Contributions. The contribution requirements of the plan members and the District vary depending on the hire date of the employee and may be amended in the future. For fiscal year 2019-2020, the District contributed \$919,793 to the plan, including \$719,793 for current retirees and \$200,000 to prefund benefits. The District’s contribution for current retirees consists of the annual statutory minimum

contribution pursuant to PEMHCA and a variable amount approved annually by the Board funded through the District’s Health Reimbursement Arrangement (HRA) Plan. For fiscal year 2019-2020, the PEMHCA amount for all plan members was \$136 per month for the period of March 1 – December 31, 2019, and \$139 per month for the period of January 1 – February 29, 2020. The maximum HRA monthly amount for current retirees was \$502.42 (single) to \$1,268.52 (family) for the period of March 1 – December 31, 2019, and \$513.09 (single) to \$1,295.59 (family) for the period of January 1 – February 29, 2020. As of February 29, 2020, there were 93 retirees receiving benefits under the plan. There were 106 employees that may be eligible for future benefits upon retirement from the District.

New Standard – GASB Statement No. 75. Effective February 28, 2019, the District adopted GASB Statement No. 75 which replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension* (GASB Statement No. 45). Due to the implementation of GASB Statement No. 75, a prior period adjustment is reflected on the Statement of Revenues, Expenses and Changes in Net Position in the amount of \$5,575,873 for the year ended February 28, 2019. See the caption “Management Discussion of Historic Operating Results and Debt Service Coverage” below.

Annual OPEB Cost and Net OPEB Liability. The District’s OPEB cost is calculated based on the annual required contribution (ARC) of the employer and the amount actuarially determined in accordance with the parameters of GASB Statement No. 45, which is redefined as actuarially determined contribution (ADC) under GASB Statement No. 75. The ADC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following is a schedule of contributions for the measurement period July 1, 2018 to June 30, 2019:

Actuarially Determined Contribution	\$ 849,176
Contributions to the Trust	\$ 200,000
Pay-go Payments by Employer	712,365
Active Implicit Rate Subsidy Transferred to OPEB	<u>133,513</u>
Total OPEB Contributions	\$ 1,045,878

The annual OPEB cost by fiscal year and the percentage of annual OPEB cost contributed to the plan is as follows:

<i>Fiscal Year</i>	<i>Annual OPEB Cost</i>	<i>Contributions Fiscal Year</i>	<i>Percentage Contributed</i>
2014-2015	\$ 959,959	\$ 929,171	96.8%
2015-2016	1,327,771	1,326,779	99.9
2016-2017	1,349,712	1,350,675	100.0
2017-2018	955,471	1,368,800	143.3
2018-2019	818,426	859,828	105.0
2019-2020	849,176	919,793	108.3

As of June 30, 2019, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial Total OPEB Liability (TOL)	\$15,930,471
Plan Fiduciary Net Position	\$ 11,616,981
Net OPEB Liability (NOL)	\$ 4,313,490
Funded ratio	73%
Annual covered payroll	\$8,708,584
NOL as a percentage of covered payroll	50%

Employees Covered. Census data as of June 30, 2018 is used in the measurement of the TOL as of June 30, 2019:

Number of active employees	106
Number of retired members and beneficiaries	<u>90</u>
Total	196

Actuarial Assumptions Used to Determine Total OPEB Liability. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made in the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the accrued liabilities for benefits. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2018 that was rolled forward to determine the June 30, 2019 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions

Actuarial cost method	Entry age normal cost
Funding policy	District intends to annually contribute the full ADC
Discount Rate	7.28%
Inflation	2.25%
Salary Increases	3.25% annual increases
Investment Rate of Return	7.28%
Mortality Factors	Derived using CalPERS study
Pre-Retirement Turnover	Derived using CalPERS study
Healthcare participation	100% of eligible participants assumed
Healthcare Trend Rate	Pre-65: 5.39% for 2020 to 5.00% for 2032 Post-65: 5.00% for 2020 with no change to 2032

Changes in the OPEB Liability. The following table shows the changes in the net OPEB liability for the year ended June 30, 2019:

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) – (b)
Balance at June 30, 2018	\$ 16,428,861	\$ 10,738,002	\$ 5,690,859
Changes recognized for the measurement period			
Service cost	355,304		355,304
Interest	1,191,638		1,191,638
Changes between expected and actual experience	(69,659)		(69,659)
Changes of assumptions	(1,129,795)		(1,129,795)
Benefit payments	(845,878)	(845,878)	
Contributions – employer		1,045,878	(1,045,878)
Net investment income		681,308	(681,308)
Administrative expenses		(2,329)	2,329
Net Changes	<u>(498,380)</u>	<u>878,797</u>	<u>(1,377,369)</u>
Balance at June 30, 2019	\$ 15,930,471	\$ 11,616,981	\$ 4,313,490

Net OPEB Liability as of June 30, 2019 measurement date: \$4,313,490.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Trend Rate. The following presents the District’s Net OPEB liability if it were calculated using a discount rate that is 1% point lower (6.28%) or 1% point higher (8.28%) than the current rate and using a trend table that is 1% point lower or 1% point higher than the current rate:

	NOL	\$ Change	% Change
Discount Rate			
+1%	\$2,606,851	\$(1,706,639)	(40)%
Base	4,313,490	-	-
-1%	6,366,438	2,052,948	48
Trend Rate			
+1%	6,307,116	1,993,626	46
Base	4,313,490	-	-
-1%	2,614,871	(1,698,619)	(39)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB. For the year ended February 29, 2020, the District recognized OPEB expense of \$593,733. At February 29, 2020, the District has deferred outflows and inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 695,840	\$
Changes in assumption		964,596
Differences between expected and actual experience in measurement of the TOL		84,705
Net difference between projected and actual earnings of OPEB plan investments	<u>56,936</u>	<u>-</u>
Total	\$ 567,246	\$ 1,049,301

The \$510,310 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending February 28, 2021.

The \$992,365 reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

<i>Fiscal Year Ending February 28</i>	<i>Deferred Outflows/(Inflows) of Resources</i>
2021	\$(169,541)
2022	(169,541)
2023	(169,543)
2024	(159,859)
2025	(176,737)
Thereafter	<u>(147,144)</u>
	\$(992,365)

For additional information regarding the District’s OPEB, see Note O of EXHIBIT A-1 TO APPENDIX A—“WESTLANDS WATER DISTRICT FINANCIAL STATEMENTS.”

Health Benefits. Full time, regular and probationary employees are eligible for the District’s group insurance programs. The group insurance programs include medical, dental, vision, life, supplemental life, accidental death, employee assistance, long-term disability and short-term disability coverage. The District also offers its employees a deferred compensation plan created according to Internal Revenue Code Section 457, a Flexible Spending Account Program under Internal Revenue Code Section 125 and a Health Reimbursement Arrangement under Internal Revenue Code Section 105. The District maintains mandatory workers’ compensation insurance coverage, the current carrier being Zenith Insurance Companies.

District Budgeting Process

Annual budgets are approved and adopted each year by the District’s Board. The budget is used to estimate annual revenues and expenditures and is amended primarily upon board committee or board approval. Budgeting control is maintained at the department level. The guidelines used by the District in developing this formal budget process are the recommended budget practices for improved state and local government budgeting prepared by the National Advisory Council on State and Local Budgeting and the Government Finance Officers Association.

The District endeavors to adopt its annual budget prior to March 1 for any given year, which is the beginning of the CVP contract year. The District develops an annual budget (March 1 through the end of February of the following year (“Fiscal Year”)) for all funds. The budget process includes project plan, long-term cost forecasting and annual budget development. After adoption by the Board, the District has authority to expend the appropriations for the given Fiscal Year. During the Fiscal Year, budget amendments and adjustments may be made to reflect changes in financial conditions, programs and/or authorizing laws that affect ongoing expenditures. The budget cycle is completed with the review and alignment of staff work plans to be consistent with the resource allocation made in the adopted budget.

The current budget for Fiscal Year 2021 was approved by the Board on February 26, 2020. As of December 1, 2020, no material amendment to such budget has been proposed or approved.

District Insurance

The District maintains general liability, property, auto, crime and excess liability insurance coverage provided by Allied World Insurance Company.

General liability coverage, which encompasses wrongful acts, bodily, personal and professional injury, including public officials' errors and omissions and employment practices, as well as auto liability coverage is \$1,000,000 per occurrence, \$3,000,000 aggregate with a \$5,000 deductible. Coverage for excess liability is \$10,000,000.

Coverage for real and business personal property, including property coverage extensions, is \$78,651,236, with a \$5,000 deductible. Scheduled mobile equipment is separately covered at \$2,233,254, with a \$5,000 deductible. Boiler and machinery coverage is limited at \$25,000,000, with a \$5,000 deductible.

The District's crime insurance policy covers dishonesty, forgery, theft, disappearance and destruction (inside and out), and computer fraud at limits of \$500,000 per occurrence, with a \$500 deductible.

The District maintains workers' compensation insurance as noted under the caption "—Employee Benefits—Health Benefits."

For additional information with respect to the District insurance coverage, see the "Risk Management" section of EXHIBIT A-1 TO APPENDIX A—"WESTLANDS WATER DISTRICT FINANCIAL STATEMENTS" attached hereto.

Land and Land Use

The District encompasses an area of approximately 614,700 acres in Fresno and Kings Counties in the San Joaquin Valley of California. Substantially all the land within the District has historically been in agricultural production. Approximately 564,000 acres of land within the District are currently irrigable; however, as a result of District and other land retirement programs or reclamation law designation as excess lands, only approximately 467,000 acres of land within the District are both irrigable and entitled to receive contract water from the District. In Fiscal Year 2021, the District estimates 420,000 acres in the District will be irrigated, reflecting available alternative water sources (supplemental surface water and groundwater) and reduced CVP allocations as a result of the current dry hydrology and regulatory actions. See the caption "INVESTMENT CONSIDERATIONS—Regulatory Constraints on CVP Operations." Land within the District is relatively level. The District has hot, dry summers and cool, moderately wet winters. Rainfall averages approximately eight inches a year.

When contract water from the CVP was first delivered within the District in 1968, 27 different crops were grown on approximately 114,000 acres. Cotton, safflower, seed alfalfa, barley and cantaloupes were the major crops. By 1980, over 36 different commercial crops were being grown in the District. In Fiscal Year 2020, farmers in the District produced nearly 60 different crops on approximately 380,000 acres (excluding fallowed land, non-bearing trees and vines and non-harvested fields), including cotton, tomatoes, pistachios, lettuce, almonds, garlic, grapes, citrus, melons and onions.

Set forth below are the ten crops with the highest value for the most recent Fiscal Year for which the approximate value thereof has been calculated by the District.

**Westlands Water District
Crop Values**

<i>Crop</i>	<i>Acres Planted⁽¹⁾</i>	<i>Value⁽²⁾</i>
Pistachios	50,935	\$397,789,616
Almonds	88,163	391,528,356
Garlic	15,193	260,916,074
Tomatoes – Processing	62,213	238,980,041
Onions – Fresh	5,206	101,067,722
Onions – Dehydrated	5,085	98,718,665
Cotton – Lint-Pima	38,627	90,380,227
Cantaloupes	13,781	79,415,907
Grapes – Wine	15,976	65,482,589
Watermelons	3,489	40,036,135

⁽¹⁾ As reported in the District Crop Report – 2018.

⁽²⁾ Reflects estimated values as reported in the Fresno County Annual Crop & Livestock Report 2018.

Source: District.

Based on the Fresno County Annual Crop & Livestock Report 2018, the total gross value of the crops grown in the District during Fiscal Year 2019 was approximately \$2.1 billion. The County of Fresno has released the Fresno County Annual Crop & Livestock Report 2019; however, the District is currently in the process of calculating the approximate value of the top ten crops produced within the District.

District Facilities

The District’s distribution system consists of 1,034 miles of pipelines ranging in size from 10 to 96 inches in diameter, 38 gravity fed laterals and 27 pump pressurized laterals, the Pleasant Valley Pumping Plant and Coalinga Canal system, pump stations, storage tanks, headworks turnouts, meters, electrical and instrumentation control, and appurtenant facilities (the “Distribution System”). The Distribution System was originally financed by the United States through Reclamation pursuant to the 1965 Contract (as defined under “—District Water Supply—*Acreege Charges*” below). Pursuant to the 1965 Contract, the final payment by the District to the United States for the Distribution System was paid in July 2018. Pursuant to current federal reclamation law and the 1965 Contract, the United States continues to hold legal title to the Distribution System.

While the United States holds legal title to the Distribution System, the District is obligated to pay all costs related to the operation, maintenance, repair and replacement of the Distribution System. The United States has title to such repairs and replacements under the 1965 Contract.

Pursuant to Public Law 116-9, Title VIII and Reclamation’s Directives and Standards, the District requested that Reclamation initiate the process to transfer title of eligible facilities, primarily the Distribution System, from the United States to the District. Reclamation confirmed receipt of the District’s request and initiated the process to prepare a Letter of Agreement and Memorandum of Understanding to document the estimated scope and fee to transfer title. The District cannot predict whether or when the Distribution System, and other facilities that are the subject of the request, will be transferred to the District.

The District owns its headquarters building in Fresno, California and a corporation yard located in Five Points, California.

District Water Supply

CVP Contract Water. The District’s principal source of water is the CVP (“CVP Contract Water”), a multi-purpose project operated by Reclamation. The District’s first water service contract with the United States was executed in 1963 (the “1963 Contract”). The 1963 Contract provided for the delivery on an annual basis of varying quantities of water, up to 1,008,000 acre-feet. In 1965, the original Westlands Water District was merged with the Westplains through the enactment by the California Legislature of the Westlands Water District Merger Law.

The implementation of the Westlands Water District Merger Law and disputes concerning the United States’ obligation to make water available to the expanded District resulted in litigation that was filed against the District and the United States in 1979, *Barcellos and Wolfson, Inc., et al., v. Westlands Water District, et al.*, No. CV 79-106-EDP, consolidated with *Westlands Water District, et al., v. United States, et al.*, No. CV-81-245-EDP. That litigation was resolved through entry of a judgment on December 30, 1986, which obligated the United States to make available to the District on an annual basis 1,150,000 acre-feet of CVP water.

The 1963 Contract and the *Barcellos* Judgment expired on December 31, 2007. Prior to their expiration, Reclamation and the District negotiated a long-term renewal contract that would provide for the delivery of up to 1,150,000 acre-feet of CVP water on an annual basis, subject to reductions resulting from hydrologic conditions and constraints imposed on CVP operations under federal and applicable state law. The term of the negotiated long-term renewal contract would have been twenty-five years. However, in early 2007, Reclamation determined that it would not complete the required environmental review for renewal of the District’s long-term water contract before December 31, 2007. As a result, Reclamation initiated negotiations with the District for the interim renewal of the 1963 Contract, concluding with execution of the Interim Renewal Contract (the “Westlands IRC”) on December 27, 2007. The Westlands IRC provided for the same quantity of water supply as the 1963 Contract and the *Barcellos* Judgment, for a term of twenty-six months (January 1, 2008 through February 28, 2010). See the caption “—CVP Assignment Contract Water” for a discussion of interim renewal contracts with respect to other supplemental water arrangements.

The Westlands IRC included a provision that conditionally obligated Reclamation to renew the Westlands IRC for successive interim periods (each such period not being more than two years in length) upon request of the District, in the event that the required environmental review for a long-term water service contract was not completed prior by February 2010 and prior to the expiration of the Westlands IRC. The only condition in the Westlands IRC to such renewal was that the District comply with all terms and conditions of the Westlands IRC. Pursuant to this provision of the Westlands IRC, the Westlands IRC was renewed in February 2010, February 2012, February 2014, February 2016, February 2018, and February 2020, with the same substantive provisions. Pursuant to the provisions of the Westlands interim renewal contract (Contract No. 14-06-200-495A-IR7), the term of the Westlands interim renewal contract (Contract No. 14-06-200-495A-IR7) began on March 1, 2020 and remained in effect until the date that the Contract Between the United States and Westlands Water District Providing for Project Water Service, San Luis Unit and Delta Division and Facilities Repayment (also referred to herein as the “9(d) Contract”) became effective. The 9(d) Contract provides the District with a perpetual contractual right up to 1,150,000 acre-feet of CVP water. The District executed and delivered the 9(d) Contract on February 28, 2020, the 9(d) Contract took effect on June 1, 2020 and the District repaid the District’s then remaining capital repayment obligation in a lump sum on June 11, 2020 from a portion of proceeds the San Luis Unit/Westlands Water District Financing Authority Revenue Bonds (Westlands Water District), Series 2020A (the “Financing Authority 2020A Bonds”) and the San Luis Unit/Westlands Water District Financing Authority Subordinate Revenue Bonds (Westlands Water District), Series 2020B (the “Financing Authority 2020B Bonds” and, together with the 2020A Bonds, the “Financing Authority 2020 Bonds”) issued by the Financing Authority. See the caption “—9(d) Contract” for further information with respect to the 9(d) Contract.

The District expects its long-term water supply outlook to be limiting. The annual average delivery capability of the CVP has been constrained because of hydrologic conditions, as well as the application of federal and state laws, including the Endangered Species Act, the Central Valley Project Improvement Act, the Clean Water Act and the Porter-Cologne Water Quality Control Act, intended to protect at-risk species, protect beneficial uses of water, and protect, restore, and enhance fish, wildlife, and associated habitats in the Central Valley and Trinity River basins of California. Prior to recent changes in the application of certain of these laws and how the CVP and State Water Project (“SWP”) would share responsibility for meeting water quality and environmental flow obligations imposed by federal and state regulatory agencies, the District estimated its long-term average allocation from the CVP would be approximately 35 to 40 percent of its contract total.

In December 2018, the United States and the State executed an Addendum to the Agreement Between the United States of America and the Department of Water Resources of the State of California for Coordinated Operation of the Central Valley Project and SWP, which amended the Coordinated Operation Agreement (“COA”) originally signed in 1986. The Addendum amended four key elements of COA to reflect the evolved manner in which the CVP and SWP were operated since COA was originally signed: Article 6(c) in-basin uses; Article 10(b) CVP use of Harvey O. Banks (“Banks”) Pumping Plant; Article 10(i) export restrictions; and Article 14(a) the periodic review.

Also, in October 2019, the United States Fish and Wildlife Service (“FWS”) and the United States National Marine Fisheries Service (“NMFS”) issued new biological opinions pursuant to section 7 of the Endangered Species Act for coordinate operations of the CVP and SWP, which were adopted by Reclamation in February 2020. These biological opinions replaced biological opinions issued in 2008 and 2009 by the FWS and NMFS, respectively. Through a record of decision issued by Reclamation, Reclamation decided to operate the CVP, in coordination with SWP, as analyzed in the October 2019 biological opinions.

As a result of the COA Addendum and the operations analyzed under the October 2019 biological opinions, the District estimates its long-term average allocation from the CVP will be approximately 55 to 60 percent of its contract total. (See the caption “Litigation” detailing the judicial challenges to the Addendum, the 2019 biological opinions, and Reclamation’s acceptance of the 2019 biological opinions, including a preliminary injunction issued with respect to the 2019 biological opinions and Reclamation’s acceptance of the 2019 biological opinions) See the caption “—Initiation of Reconsultation Under Section 7.” Both the District and individual water users located within the District would continue to acquire supplemental water. The quantities of such supplemental water would likely increase as hydrology improves, but the ability to convey it from north of the Delta could continue to be constrained due to regulatory or capacity limitations. The effect of the Sustainable Groundwater Management Act of 2014 (“SGMA”) on the competition for and on the willingness to sell water that the District purchases as supplemental water is unknown. Additionally, individual water users would continue to pump groundwater at rates that comply with the Groundwater Sustainability Plan that was prepared pursuant to the Sustainable Groundwater Management Act. See the captions “—Supplemental Water” and “—Effect of New Groundwater Rules.”

On or about March 27, 2020, and pursuant to the California Environmental Quality Act (“CEQA”), the California Department of Water Resources (“DWR”) certified an Environmental Impact Report (“EIR”) and issued a Notice of Determination for the long-term operation of the SWP. The California Department of Fish and Wildlife issued DWR a California Endangered Species Act incidental take permit (“ITP”) for those operations on March 31, 2020. DWR’s operation of the SWP, consistent with the conditions of approval imposed through the ITP, are likely to affect the coordinated operations of the CVP and SWP. Whether and how those affects impact the District’s water supply are uncertain at this time.

9(d) Contract. On December 16, 2016, the 114th Congress of the United States of America enacted the Water Infrastructure Improvements for the Nation Act (Pub. L. 114-322, 130 Stat. 1628) (“WIIN Act”). Section 4011(a)(1) of the WIIN Act provides that: “upon request of the contractor, the Secretary of the Interior shall convert any water service contract in effect on the date of enactment of this subtitle and between the

United States and a water users' association to allow for prepayment of the repayment contract pursuant to paragraph (2) under mutually agreeable terms and conditions." Section 4011(a)(1) of the WIIN Act further provides that: "the manner of conversion under this paragraph shall be as follows: (A) Water service contracts that were entered into under section (e) of the Act of August 4, 1939 (53 Stat. 1196), to be converted under this section shall be converted to repayment contracts under section 9(d) of that Act (53 Stat. 1195)"; and "(B) Water service contracts that were entered under subsection (c)(2) of section 9 of the Act of August 4, 1939 (53 Stat. 1194), to be converted under this section shall be converted to a contract under subsection (c)(1) of section 9 of that Act (53 Stat. 1195)."

Pursuant to the WIIN Act, the United States and the District negotiated terms and conditions that converted Westlands interim renewal contract (Contract No. 14-06-200-495A-IR6) to a repayment contract, and those terms and conditions are reflected in the 9(d) Contract. The 9(d) Contract also reflects the current standard terms and conditions required by the Reclamation Manual. The District executed and delivered the 9(d) Contract on February 28, 2020.

The 9(d) Contract became effective on June 1, 2020, at which time it superseded the Westlands interim renewal contract (Contract No. 14-06-200-495A-IR7). The 9(d) Contract has no termination date and remains in effect as long as the District pays applicable rates and charges, consistent with applicable law. On June 11, 2020, the District applied a portion of the proceeds of the Financing Authority 2020 Bonds to repay the District's then remaining capital repayment obligation, as provided under the 9(d) Contract. Reclamation confirmed full payment of such repayment obligation on June 12, 2020.

While the 9(d) Contract will provide the District with a perpetual contractual right up to 1,150,000 acre-feet of CVP water, actual deliveries in any year are subject to "Conditions of Shortage," which are described in the 9(d) Contract.

Under the 9(d) Contract, ongoing receipt and delivery of water to the District will continue with no expansion of service and no new facilities constructed because the District will deliver the water received under the 9(d) Contract: (1) to lands within the District's boundaries for beneficial use and that have been in production, and (2) through existing facilities.

Although the specific terms of the 9(d) Contract are set forth within its text, its provisions provide, in part, that:

(a) it shall be effective June 1, 2020, and shall continue so long as the District pays applicable rates and charges, as defined therein, and consistent with Section 9(d) or 9 (c)(1) of the Act of August 4, 1939 (53 Stat. 1195) as applicable, and applicable law;

(b) the District shall comply with specified repayment obligations to the United States based upon the existing capital obligations and water delivered in accordance with the WIIN Act;

(c) the District shall receive a water supply, subject to the provisions of the 9(d) Contract and consistent with all applicable State water rights, permits and licenses and federal law, and which the District shall schedule and pay for pursuant to the terms of the 9(d) Contract;

(d) the parties shall analyze potential impacts to the water supply, and delivery thereof, based upon land retirement;

(e) the District shall utilize CVP water in accordance with all applicable legal requirements and make reasonable and beneficial use of such water; and

(f) the parties shall abide by specified provisions related to the transfer of water, additional points of diversion, the delivery of non-CVP water, the operation and maintenance of facilities, and the allocation of water when a condition of shortage exists.

On October 15, 2019, the District's Board of Directors authorized the execution and delivery of the 9(d) Contract. Pursuant to Article 46 of the 9(d) Contract, the District filed an action to validate the proceedings on the part of the District for the authorization of the execution of the 9(d) Contract. See the caption "Litigation" for a summary of such validation action.

Sagouspe Litigation. One legal issue unresolved by *Barcellos* was how water made available under a renewal of the 1963 Contract after the 1963 Contract's expiration would be allocated among lands in the original District and lands merged into the District in 1965. This issue arose under a section of the Merger Law, which provided that lands that were within the District immediately prior to the merger "shall, so long as said lands remain in the said district, have a prior right with respect to water to which said district was entitled under any contract with the United States in effect on the date of said merger" over lands added to the District as a result of the merger and lands annexed to the District subsequent to the merger. California Water Code § 37856. This issue was resolved through settlement of litigation that was filed on June 18, 1999, when owners of lands which were merged into the District as a result of the Merger Law, commenced an action entitled *Sagouspe, et al. v. Westlands Water District, et al.*, (Fresno Superior Court Case No. 634127-5). In that action, the owners claimed, *inter alia*, that after December 31, 2007, when the 1963 Contract expired, the District would be obligated to allocate CVP water delivered under a renewal of the 1963 Contract among all lands that were merged into the District and lands in the original Westlands District equally, on a per acre basis. On March 29, 2000, owners of lands in the original Westlands District filed a cross-complaint in *Sagouspe* in which such owners of lands claimed, *inter alia*, that California Water Code section 37856 obligated the District to allocate CVP Contract Water delivered under a renewal of the 1963 Contract equally, on a per acre basis, to the lands that were in the District prior to the merger of the original Westlands District and the Westplains Water Storage District. Such lawsuits are collectively referred to as the "Sagouspe Litigation."

On April 29, 2002, the parties to the Sagouspe Litigation entered into an Agreement for Distribution of Water, Allocation of Costs, and Settlement of Claims (the "Settlement Agreement"). Pursuant to the Settlement Agreement, the District agreed to purchase land and/or water entitlements within the District. The District agreed to purchase enough land and/or water entitlements in the District to allow, under full allocation, 2.6 acre feet of water to each acre of the remaining non-retired irrigable land in the District, excluding land annexed after the 1965 Merger. Commencing on March 1, 2008, and thereafter, CVP Contract Water and any other water supply acquired pursuant to the Settlement Agreement will be allocated equally to each acre of the remaining non-retired irrigable land in the District, excluding land annexed after the 1965 Merger. Based on the water entitlements acquired to date, the allocation ratio is 2.56 acre feet per acre. The District projects needing to acquire approximately 7,000 additional acres of water entitlements to meet the ratio specified under the Sagouspe Litigation. The terms of the Settlement Agreement continue to control under the 9(d) Contract.

CVP Assignment Contract Water. Through a program to acquire long-term supplemental water entitlements, the District, or the Distribution Districts, entered into contractual arrangements that resulted in assignments (in some cases permanent assignments) of all or a portion of five other CVP contractors’ water entitlements (collectively, the “Assignment Contracts”). The Assignment Contracts, including the acre feet of CVP water subject to the Assignment Contracts and the use to which any CVP water received pursuant to the Assignment Contracts can be put, are described in the chart below.

**Westlands Water District
CVP Assignment Contract Water**

<i>CVP Contractor</i>	<i>Acre Feet Assigned</i>	<i>Purpose</i>
Broadview Water District ⁽¹⁾	27,000	21,000 Agriculture/6,000 Lemoore Naval Air Station-Agriculture
Centinella Water District ⁽¹⁾	2,500	Municipal and Industrial
Mercy Springs Water District ^(1, 2)	4,695	Agriculture
Mercy Springs Water District ⁽³⁾	4,198	Agriculture
Oro Loma Water District	4,000	Lemoore Naval Air Station-Agriculture
Widren Water District ⁽¹⁾	<u>2,990</u>	Municipal and Industrial
	<u>45,383</u>	

⁽¹⁾ Assigned to Distribution District No. 1.

⁽²⁾ Two party assignment to Distribution District No. 1 and Santa Clara Valley Water District. Acre-feet reflects District’s projected entitlement based on the terms of such agreement. Pajaro Valley Water Management Agency is no longer a party to the assignment. For further information with respect to such agreement see Note P of EXHIBIT A-1 TO APPENDIX A—“WESTLANDS WATER DISTRICT FINANCIAL STATEMENTS” attached hereto.

⁽³⁾ Assigned to the Distribution District No. 2.

Source: District.

The District or the Distribution Districts, as the case may be, and Reclamation have executed the Assignment Contracts and the amount assigned is included in the CVP water totals under the caption “—Projected Water Usage.” Except for the Oro Loma Water District assignment contract (the “Oro Loma Assignment Contract”), which was a long-term water service contract, all of the Assignment Contracts were subject to interim renewal, as discussed under the caption “—CVP Contract Water.”

Converted Assignment Contracts. Each of the Assignment Contracts have been superseded by new 9(d) contracts (the “Converted Assignment Contracts”), which like the District’s 9(d) Contract, provide perpetual contractual rights to the assigned CVP water with terms substantially similar to those contained in the 9(d) Contract described under the captions “THE PROJECT” and “—9(d) Contract.” Execution and delivery of the Assignment Contracts by the Distribution Districts were authorized by the respective boards for the Distribution Districts on January 21, 2020 and were executed by the Distribution Districts on May 20, 2020. With the exception of the Mercy Springs 9(d) Contract (as hereinafter defined), the Converted Assignment Contracts became effective by their terms as of June 1, 2020. The District and Reclamation negotiated the conversion of the Oro Loma Assignment Contract, and the Board authorized the conversion of the Oro Loma Assignment Contract on September 15, 2020. The conversion of the Oro Loma Assignment Contract was executed on September 28, 2020.

As noted in the table above, Distribution District No. 1’s Assignment Contract relating to the Mercy Springs Water District (the “Mercy Springs Assignment Contract”) is a two party assignment to both Distribution District No. 1 and the Santa Clara Valley Water District (“SCVWD”). Along with its other Converted Assignment Contracts, Distribution District No. 1 authorized the execution of a 9(d) contract that would supersede the Mercy Springs Assignment Contract (the “Mercy Springs 9(d) Contract”) and executed the Mercy Springs 9(d) Contract on May 20, 2020. The Mercy Springs 9(d) Contract was approved for execution by SCVWD’s Board of Directors on June 23, 2020, and was subsequently executed by SCVWD.

The Distribution Districts each filed a validation action in the Superior Court for the County of Fresno on or about March 18, 2020, pursuant to Article 46 of each of the Converted Assignment Contracts, and to validate the proceedings on the part of the Distribution Districts for the authorization of the execution of the Converted Assignment Contracts. On or about November 13, 2020, pursuant to Article 41 of the Oro Loma Assignment Contract, the District filed a validation action in the Superior Court for the County of Fresno to validate the proceedings on the part of the District for the authorization of the execution of the 9(d) contract that superseded the Oro Loma Assignment Contract (the “Oro Loma 9(d) Contract”). See the caption “Litigation” for a summary of such validation actions.

The District applied a portion of the proceeds of the Financing Authority 2020 Bonds to repay the remaining capital repayment obligations under the Converted Assignment Contracts executed by the Distribution Districts, other than the Mercy Springs 9(d) Contract, on June 11, 2020. Reclamation confirmed full payment of such repayment obligations on June 12, 2020. In addition, the District applied a portion of the proceeds of the Financing Authority 2020 Bonds to repay 100% of the capital repayment obligation under the Mercy Springs 9(d) Contract for Distribution District No. 1 on July 9, 2020 and to repay the capital repayment obligation under the Oro Loma 9(d) Contract on October 2, 2020. Reclamation provided confirmation of the full payment of the repayment obligation under the Mercy Springs 9(d) Contract on July 10, 2020, and confirmed full payment of the repayment obligation under the Oro Loma 9(d) Contract on October 2, 2020.

Pursuant to federal reclamation law and the terms of the 9(d) Contract, the ownership and full cost pricing limitations of federal reclamation law no longer apply to lands in the District, and there is no longer a limit on the number of acres a landowner can own in the District and be eligible to receive CVP water on such landowner’s land. In addition, the requirement that landowners file annual Reclamation Reform Act of 1982 Reporting Forms with the District or declare certain acres to be “excess” is no longer applicable to landowners located within the District.

On December 9, 2020, the District received from the Bureau of Reclamation a letter confirming that lands within the District’s service area are no longer subject to the ownership and full cost pricing limitations of federal reclamation law.

For further information with respect to the Assignment Contracts see Note P of EXHIBIT A-1 TO APPENDIX A—“WESTLANDS WATER DISTRICT FINANCIAL STATEMENTS” attached hereto.

Angiola Water District Water Supply Contract. The Lemoore Naval Air Station (“LNAS”), located in Kings County, is a municipal and industrial (“M&I”) water customer of the District. To improve the reliability of its M&I water supply, LNAS sought assistance from the District in acquiring a dedicated M&I water supply. The County of Kings, which is a SWP contractor, acquired a 5,000 acre-foot assignment of water (the “Angiola Assignment”) from Angiola Water District, another SWP contractor, with funding provided by agreement from the District. The County of Kings agreed to hold title to the Angiola Assignment, exclusive for the benefit of LNAS, and to pass through all annual SWP and Kings County variable and administrative costs related to the Angiola Assignment to the District. LNAS agreed to make semiannual payments to the District with respect to the Angiola Assignment, and to pay monthly, as the water is delivered, the District’s variable costs, including the aforementioned SWP and Kings County costs. These arrangements and commitments were memorialized under the agreements titled, “Agreement Between the County of Kings and Westlands Water District for the Acquisition and Management of SWP Entitlement Water” and “Technical and General Provisions for Utility Service,” dated October 28, 2003 and April 14, 2004, respectively.

Supplemental Water. Since annual demand for water in the District exceeds CVP Contract Water supplies in most years, water users in the District make up the shortfall through supplemental surface water purchases and groundwater supplies. Supplemental surface water is acquired from other agencies with water entitlements on the open market. While some District water users arrange their own supplemental surface water supply acquisition transactions, the District implements a supplemental water program and accepts agreements from water users to acquire supplemental water on their behalf. Since 1989, the quantity of

supplemental surface water acquired in these combined fashions has ranged from a low of 16,000 acre feet to a high of almost 356,000 acre feet of water. Supplemental surface water acquired by the District in Fiscal Year 2021 is estimated to be approximately 115,000 acre feet. The District expects to continue to pursue multi-year purchase agreements for supplemental water directly or through SLDMWA. The District is also developing groundwater storage projects in its service area and participating in surface water storage projects through SLDMWA, which could enhance the District’s ability to bank water.

Set forth below is a table showing supplemental surface water and groundwater supplies acquired or projected to be acquired by the District or by District water users in the current and past four Fiscal Years.

**Supplemental Surface Water and Groundwater Supplies
(Acre-feet)**

<i>Fiscal Year</i>	<i>Supplemental Water Acquired by District</i>	<i>Supplemental Water Acquired by Water Users</i>	<i>Groundwater Supplies Pumped by Water Users</i>	<i>Total</i>
2020-21 ⁽¹⁾	115,579	55,000	450,000	620,579
2019-20 ⁽²⁾	53,433	35,198	89,000	177,631
2018-19	79,148	34,089	328,000	441,237
2017-18 ⁽³⁾	32,049	(49,092)	54,000	36,957
2016-17	142,140	46,134	612,000	800,274

⁽¹⁾ Projected

⁽²⁾ Estimated

⁽³⁾ Negative value represents a transfer out for banking.

Source: District.

The sources of supplemental water over the last five Fiscal Years have included multi-year agreements managed by SLDMWA with certain CVP exchange contractors (the “Exchange Contractor Agreement”) and from Yuba County Water Agency (the “Yuba Water Purchase Agreement”).

The Exchange Contractor Agreement is a five-year agreement which currently expires in 2023. The Yuba River Accord includes three major elements, including the Yuba Water Purchase Agreement, which is a collection of arrangements that commenced in 2008 and subsequent amendments, and which will expire in 2025 under the current agreement. The Yuba Water Purchase Agreement Amendment 5, which establishes quantity of water and pricing terms may terminate at the end of 2020, if certain SWP contractors do not elect to continue to participate or if the parties fail to reach agreement as to price of water. The District expects that negotiation of a new amendment as to quantity of water and pricing terms beyond 2020 will commence in Fiscal Year 2021. It is anticipated that the SWP contractors will elect to participate and the parties will reach agreement on price of water. The District cannot predict whether either the Exchange Contractor Agreement or Yuba Water Purchase Agreement will be extended or, if extended, the terms and conditions thereof.

Set forth below is a table showing sources of supplemental surface water deliveries to the District in the current Fiscal Year and the past four Fiscal Years.

**Sources of Supplemental Surface Water Deliveries⁽¹⁾
(Acre-feet)**

<i>Fiscal Year</i>	<i>Exchange Contractor Agreement</i>	<i>Yuba Accord Water Purchase Agreement</i>	<i>Other</i>	<i>Total</i>
2020-21	50,872	17,877	46,830	115,579
2019-20	38,348	19,920	27,395	85,663
2018-19	45,872	0	10,128	56,000
2017-18	11,122	37,752	125,126	174,000
2016-17	34,893	27,077	112,030	174,000

⁽¹⁾ District-acquired supplemental surface water deliveries to the District. May reflect supplemental surface water deliveries acquired in one Fiscal Year but delivered in a subsequent Fiscal Year.
Source: District.

Power. The Power and Water Resources Pooling Authority (“PWRPA”) is a joint exercise of powers agency of which the District is a project participant. The District receives energy service from PWRPA to operate the Groundwater Management Program, Irrigation System Management Program, District Pumping Plants and Temporary Diversions. The District’s energy portfolio includes hydro generation from the Central Valley Project marketed by Western Area Power Administration (“WAPA”) through a Base Resource Contract, participation in long-term purchase arrangements for generation from the Lodi Energy Center, Astoria II Renewable Energy Project, Whitney Point Solar Project, Slate Solar Project and annual supplemental energy purchases that vary depending on need each year. Since 2005, the quantity of energy acquired for the District’s power programs has ranged from a low of 15,000 Mega-Watt hours (“MWh”) to a high of almost 225,000 MWh. The District has intervened in a Federal Energy Regulatory Commission (“FERC”) proceeding challenging a proposed rate changes and revisions to certain non-rate terms and conditions of Pacific Gas and Electric Company (“PG&E”) Wholesale Distribution Tariff. See the caption “Litigation” for a summary of proceeding and the District’s intervention.

Groundwater. Groundwater supplies are an important part of meeting the demand for water within the District. In many cases, groundwater is less costly than surface water supplies. However, the long-term use of groundwater that is more than the sustainable yield of the sub-basin underlying the District could have negative impacts and create overdraft conditions in the groundwater subbasin. In addition, subsidence of land adjacent to the San Luis Canal is another concern. The District estimates that the sustainable yield for groundwater pumping is approximately 270,000 to 300,000 acre feet per annum. See the caption “—Effect of Sustainable Groundwater Management Act.”

The District generally does not pump groundwater for resale. However, the District estimates that groundwater pumping by landowners and water users within the District since 1993 has ranged from 15,000 acre feet to 660,000 acre feet per year. Groundwater pumping varies dramatically from year to year, but generally increases in years when CVP Contract Water decreases. See the caption “—Historic Water Usage.”

Effect of Sustainable Groundwater Management Act. The SGMA was enacted by the California Legislature and became effective on January 1, 2015. Among other requirements, SGMA requires the formation of local groundwater sustainability agencies to assess conditions in local groundwater basins and adopt locally-based groundwater sustainability plans. For the Westside Subbasin, which consists primarily of lands in the District, this process has involved multiple agencies including DWR, the State Water Resources Control Board (“SWRCB”), Fresno and Kings Counties and the District. SGMA’s deadline for completing a Groundwater Sustainability Plan (“GSP”) was January 2020. In July 2016, the District filed a notice of intent to serve as the Groundwater Sustainability Agency for the Westside Subbasin, which DWR granted. In Fiscal

Year 2018, the District was awarded a \$2.5 million DWR grant for the Groundwater Monitoring Well Installation Project and Groundwater Sustainability Plan Development for the Westside Subbasin. Such grant was awarded under the 2017 Proposition 1 Sustainable Groundwater Planning Grant. The District conducted a number of workshops and scoping meetings to involve the land owners, water users and interested parties within the Westside Subbasin in the development of the Westside Subbasin GSP. In January 2020, the District adopted the Westside Subbasin GSP and submitted the Westside Subbasin GSP to DWR for approval.

The Westside Subbasin GSP was developed to optimize groundwater supply, identify projects to support groundwater management and to comply with SGMA. Project and Management Actions described in the GSP support SGMA objectives, highlight the proactive approach of conjunctive use in the Westside Subbasin and ensure the Westside Subbasin achieves sustainability by 2040.

Management measures described in the adopted Westside Subbasin GSP include: groundwater recharge projects such as Aquifer Storage and Recovery (“ASR”), a groundwater allocation program, reduced pumping from the Lower Aquifer in subsidence sensitive areas and increased surface water transfers. The aforementioned projects are in various stages of planning and design, and if completed, may increase surface water supplies during years with greater than normal precipitation to increase “in-lieu” and active recharge of the Westside Subbasin. The Westside Subbasin GSP’s goal is to promote conjunctive use and to build up a groundwater reserve to use during critical dry periods when surface water allocations are similar to Fiscal Years 2013 through 2016.

Implementation of the Westside Subbasin GSP will affect usage because groundwater will be allocated to landowners on an acre-foot per acre basis, and extraction limits could be placed on landowners if groundwater levels drop to minimum levels. The groundwater allocation program equally distributes the total annual pumping from the Westside Subbasin to land overlying the Westside Subbasin, except those lands to which the District holds fee title. The groundwater allocation program includes a “transition period” from 2022-2030, in which a uniform annual allocation is set at 1.3 acre-feet per acre starting in year 2022 and 2023, and then subsequently reducing each year by 0.1 acre-feet per acre until 2030, when the allocation reaches 0.6 acre-feet per acre. The transition period and groundwater allocation rate may change as additional information is collected, and this adaptive management is documented in the Westside Subbasin GSP. The Westside Subbasin GSP implementation may reduce groundwater pumping totals by up to 10 percent over the long-term and if additional surface water is not procured to mitigate for this reduction, then additional land may need to be fallowed. Landowners will be able to transfer/exchange allocations and save allocated groundwater for future use, which is intended to provide them the flexibility to build up a groundwater bank to use during period of surface water supply shortages. See the caption “INVESTMENT CONSIDERATIONS—Sustainable Groundwater Management Act.”

DWR has until January 23, 2022 to act on the Westside Subbasin GSP. Prior to the Westside Subbasin GSP approval by DWR, the District will implement the Westside Subbasin GSP as adopted. The Westside Subbasin GSP may be modified based on DWR’s review. If DWR requests modifications, the District has 180 days to modify the Westside Subbasin GSP. If the Westside Subbasin GSP is not approved by DWR, then responsibility for implementation of SGMA in the Westside Subbasin will shift to the SWRCB. If the SWRCB is managing the Westside Subbasin, they have the authority to intervene and regulate pumping, develop an interim GSP and impose fees on the landowners.

Application to SWRCB for San Joaquin River Water. The District intends to petition the SWRCB to obtain a permit to appropriate water from the San Joaquin River when the river is flooding. If granted, the permit would allow the District to appropriate up to 30,000 acre-feet of water from the San Joaquin River at the Mendota Pool and Fresno Slough during the period January 1 to June 30 and when there is unallocated flood flow, and deliver the water for irrigation, municipal, and industrial uses or store the water in the Westside Subbasin for subsequent delivery for those uses. The San Joaquin River is designated as a fully appropriated stream, and before the District’s petition to appropriate water can be considered by the SWRCB, the SWRCB must revise its prior declaration that the San Joaquin River is a fully appropriated stream.

State Water Resources Control Board Update on the Water Quality Control Plan. The SWRCB is in the process of updating the Water Quality Control Plan for the San Francisco Bay/Sacramento-San Joaquin Delta Estuary (“Bay-Delta Plan”). The SWRCB has segregated this process into two phases. Phase 1 involves updating San Joaquin River flow and southern Delta water quality requirements included in the Bay-Delta Plan. Phase 2 involves comprehensive changes to the other sections of the Bay-Delta Plan, to protect beneficial uses not addressed in Phase 1, and may address Delta outflows, Sacramento River inflows, Suisun Marsh salinity, Delta Cross Channel Gate closure, export limits, and reverse flows. Once those two phases are completed, the SWRCB will need to take steps to implement the Bay-Delta Plan.

On December 12, 2018, the SWRCB adopted new water quality objectives for the San Joaquin River’s major tributaries for the protection of fish and wildlife, and revised the water quality objectives for southern Delta salinity (the “Phase 1 Amendments”). The new objectives increase flow on the San Joaquin River and its tributaries to a range of 30 to 50 percent of the unimpaired flow levels, with a starting point of 40 percent of unimpaired flow from February through June. The SWRCB has defined unimpaired flow as the water production of a river basin, unaltered by upstream diversions, storage, or by export or import of water to or from other watersheds. For southern Delta salinity, the SWRCB established a 1.0 Electrical Conductivity (EC) objective throughout the year for the southern Delta for the protection of agricultural beneficial uses and provided the water rights of the DWR and Reclamation are conditioned upon implementation of the southern Delta salinity objectives to protect agricultural beneficial uses. Notwithstanding the statement, the SWRCB indicated an intent to take additional steps to implement the new and revised water quality objectives, including through water rights proceedings. The District has filed a challenge to the amendments approved by SWRCB to the Bay-Delta Plan. See the caption “Litigation” herein.

On October 19, 2016, the SWRCB staff released a working draft Scientific Basis Report (the “SBR”) for fisheries and flows in the Sacramento River and Bay-Delta – Phase 2. The draft SBR identifies the science that the SWRCB staff intended to rely on in considering potential changes to the Bay-Delta Plan to enhance flows in and out of the Sacramento River basin and within the Bay-Delta to protect fish and wildlife. The SBR was finalized in October 2017 and analyzes possible effects of modified requirements for fish and wildlife protection on other beneficial uses of water, including alternatives and economic impacts.

In July 2018, the SWRCB staff released a Framework for the Sacramento/Delta Update to the Bay-Delta Plan (Phase 2 Framework) that described changes SWRCB staff intended to propose through a formal proposal and supporting environmental document. The proposed changes include unimpaired flow requirements for the Sacramento River and its salmon-bearing tributaries that range between 45 and 65 percent, with a starting point of 55 percent, a new narrative cold water habitat objective, and new objectives for fall Delta outflows and interior Delta flows. A decision on Phase 2 will not be made until SWRCB staff has completed their draft staff report and the Substitute Environmental Document and the public has been provided an opportunity to comment.

On December 12, 2018, during the SWRCB hearing to consider adoption of the Phase 1 Amendments, the Directors of DWR and the California Department of Fish and Wildlife presented a framework for a Voluntary Agreement among DWR, the California Department of Fish and Wildlife, water users in the San Joaquin and Sacramento watersheds, SWP and CVP contractors, and members of the conservation community that would provide more modest additional flows for fish and wildlife combined with commitments to contribute substantial funding for structural habitat improvements and scientific investigations. At the hearing, the SWRCB directed its staff to provide appropriate technical and regulatory information to assist the California Natural Resources Agency in completing the agreement as a potential alternative for a future Bay-Delta Plan update. Since December 2018, the California Natural Resources Agency has been working with federal agencies, other state agencies, local agencies and non-governmental organizations on a Voluntary Agreement. If the Voluntary Agreement is successfully negotiated and approved by the SWRCB, it is likely that a charge of \$7.00 - \$10.00 per acre-foot will be imposed on water delivered by the CVP to the District, as well as other public water agencies that acquire water from the CVP and SWP. This charge will be used to generate revenue to purchase water for instream and Delta outflow and to implement the non-flow and

adaptive management programs contemplated by the Voluntary Agreement. Given the state of the SWRCB Phase 2 update and the effort to negotiate a Voluntary Agreement, it is uncertain whether implementation of the updated Bay-Delta Plan will have a positive or negative impact on the District's surface water supply.

Initiation of Reconsultation Under Section 7. Operations of the CVP have been constrained by biological opinions on the long-term coordinated operations of the CVP and the SWP issued under Section 7 of the Endangered Species Act. In 2008 and 2009, the FWS and NMFS issued biological opinions on the coordinated long-term operations of the CVP and SWP, respectively. On August 2, 2016, Reclamation and DWR requested initiation of re-consultation with the FWS and NMFS, under Section 7 of the Endangered Species Act. These requests were based on new information related to multiple years of drought, recent data demonstrating extremely low listed-salmonid population levels for the endangered winter-run Chinook salmon, and new information available and expected to become available as a result of ongoing work through collaborative science processes. During the reinitiated consultation, the CVP and SWP operated pursuant to the requirements of the 2008 biological opinion and 2009 biological opinion. Reclamation completed re-consultation on new biological opinions from FWS and NMFS to protect threatened and endangered species issued under Section 7 of the Endangered Species Act and the Record of Decision (“ROD”) on the Long-Term Operations of the CVP and SWP was signed by Reclamation in February 2020. It is anticipated that since the ROD is based on new biological opinions issued in October 2019, the CVP and SWP operators will have more operational flexibility in order to manage the CVP and SWP to avoid jeopardizing listed species while also improving the opportunity to deliver the District's water supply. There can be no assurance that the local supply for water service provided by the District will be maintained at levels described under the caption “—Historic Water Usage.” See the caption “Litigation” for a discussion of judicial challenges to the 2019 biological opinions, and Reclamation's acceptance of the 2019 biological opinions, including a preliminary injunction issued with respect to the 2019 biological opinions and Reclamation's acceptance of the 2019 biological opinions.

Irrigated Lands Regulatory Program (“ILRP”). On January 9, 2014, the Regional Water Quality Control Board (the “RWQCB”) adopted new regulatory requirements (the “General Order”) to protect groundwater quality underneath lands within the District. The General Order outlines very specific instructions for all landowners whose lands are being used for irrigated agricultural purposes and the related requirements for waste discharges from irrigated lands that could affect ground and/or surface waters. The General Order encouraged all water users to enroll their lands in the ILRP. The RWQCB requires that landowners enroll either directly with the RWQCB or with a third-party coalition. The Westlands Water Quality Coalition (the “Coalition”) was approved by the RWQCB to serve as a third-party coalition for administering the terms and conditions of the ILRP as described in the General Order. The Coalition was formed to represent landowners and operators irrigating agricultural lands (“Members”) under the General Order, including lands that are not within the District. The Coalition is tasked with conducting monthly surface water quality sampling and analyses when water is flowing in area creeks/streams and with performing sediment toxicity analyses. Those results are provided to the RWQCB on a quarterly basis. Additionally, the Coalition is responsible for reporting, on a township basis, growers' crops, nitrogen application, irrigation practices and other management practices to provide annual updates on what methods are being implemented to aid in reversing surface and groundwater quality degradation. The ILRP also requires the Coalition to implement programs that track trends on water quality. Members are required to prepare Nitrogen Management Plans, Farm Evaluation Plans, and Sediment Erosion Control Plans.

The Fiscal Year 2021 cost for Members to be enrolled in the Coalition was \$2.42 per acre, which has been collected by the District as a land based charge from lands within the District and by invoice from lands not within the District. In order to reduce the cost to Members, Coalition joined other third-party coalitions to work as a group in implementing the Management Practices Evaluation Program, which evaluates and demonstrates the effectiveness of management practices on protecting groundwater quality. The Coalition also provides funding to the Coalition for Urban/Rural Environmental Stewardship, which provides growers educational materials and self-certification opportunities to complete annual Irrigation and Nitrogen Management Plans. Lastly, the Coalition is part of the Central Valley Groundwater Monitoring Collaborative,

which is a trend monitoring program designed to determine current groundwater quality conditions relevant to irrigated agriculture and to develop long-term groundwater quality information that can be used to evaluate the regional effects of irrigated agriculture and its practices.

Central Valley Salinity Alternatives for Long-Term Sustainability (“CV-SALTS”) In addition, the CV-SALTS basin plan amendments were adopted on October 16, 2019. The program aims to achieve long-term sustainability by applying proper antidegradation practices for the discharge of salt, providing solutions for safe drinking water supply, and implementing aquifer restoration. As part of the permit requirements, the Coalition participated in the Prioritization and Optimization Study to develop a long-term approach to salt management in the Central Valley.

Lower Yolo Restoration Project. The District purchased real property in Yolo County commonly known as “Yolo Ranch” for the purpose of generating, restoring, and enhancing habitat for smelt, salmon and certain other federal or State listed species. In 2013, SFCWA developed plans to restore a habitat for Delta smelt and salmon by restoring the estuarine marsh and shallow water habitat on Yolo Ranch. SFCWA certified an EIR and approved a tidal marsh complex alternative. In 2017, the District took responsibility for implementing the tidal marsh complex alternative, and in September 2018, the District, as a responsible agency, prepared and approved an Addendum to the Lower Yolo Restoration Project Final Environmental Impact Report.

The restoration project involved modifying approximately 2,128 acres of the 3,431 acres of Yolo Ranch. Restoration and enhancement measures implemented by the District involved eliminating or relocating existing water control infrastructure elements, grading some lands to facilitate establishment of intertidal wetlands, excavating new starter tidal channels and swales to connect restored wetland areas to adjacent tidal water bodies, removing irrigation from seasonal wetland features, and removing or restricting grazing within the restored and enhanced areas. In addition, the District excavated tidal channels and swales to facilitate the movement of tidal water between existing tidal sources and restored intertidal and seasonal wetlands. The construction costs were approximately \$8.5 million, which the District expects to pay with proceeds of the Financing Authority 2020 Bonds.

The restoration project is intended to further the California EcoRestore Program, which seeks to implement a comprehensive suite of habitat restoration actions to support the long-term health of the Delta and its native fish and wildlife species. It also satisfies requirements imposed through: (1) the applicable reasonable and prudent alternative contained in the FWS 2008 biological opinion, and (2) the applicable reasonable and prudent alternative contained in the NMFS 2009 biological opinion.

On October 18, 2018, DWR and the District entered a Conditional Delta Smelt Habitat Credit Development and Purchase Agreement (“Preliminary Agreement”). The Preliminary Agreement sets forth the terms and conditions upon which DWR and the District will collaborate to develop, manage, and construct the restoration project, to establish the purchase price per habitat acreage credit which DWR shall pay to the District, and to transfer the restored habitat and additional land to create a buffer surrounding the restored lands to DWR after completion of the restoration project.

In June 2019, DWR and the District entered into an agreement, which provides for DWR to acquire habitat credits certified by the FWS, and upon payment by DWR for the habitat credits, the District will transfer to DWR fee title to the approximate 2,128 acres (the restored acres plus additional land to create a buffer surrounding the restored lands). The District received Conditional Habitat Acreage Credit Determination letters from FWS and NMFS. The fee title transfer to DWR and habitat acreage credit payment to the District is expected to occur in the spring of 2021. The District currently expects to apply a portion of the money received by the District for the credits secured from DWR to the prepayment or defeasance of the 2007B Certificates. See the caption “Litigation” for a discussion of a judicial challenge concerning the Yolo Ranch Restoration Project.

Cost of CVP Contract Water

Rates paid by the District to the United States are for CVP water delivered to the District. The rates are determined by Reclamation pursuant to the provisions of federal reclamation law. Under federal reclamation law, Reclamation imposes a “Cost of Service rate” applicable to agricultural water use, a “Municipal & Industrial rate” for CVP water used for municipal and industrial purposes and specific “fund” charges on all water delivered to the District.

1. **Cost of Service rate:** The Cost of Service rate is the charge per acre/foot necessary to recover Reclamation’s cost of delivering the water to the District. The Cost of Service rate is designed by Reclamation to recover the District’s share of allocated annual operations and maintenance costs. Prior to the effectiveness of the 9(d) Contract and the Converted Assignment Contracts (sometimes referred to collectively as the 9(d) Contracts), the District’s Cost of Service rate included amounts designed to capture capital costs over the repayment period specified by reclamation law and deficit costs over such repayment period. As a result of repayment of the District’s existing capital repayment obligation pursuant to the 9(d) Contract on June 11, 2020, the Cost of Service rate paid by the District for CVP water no longer includes a capital component. Construction costs for CVP facilities or other capitalized costs incurred after the effective date of the 9(d) Contract or not assigned to the District prior to execution of the 9(d) Contracts will be paid to the United States pursuant to a separate agreement between the District and the United States within the timeframe prescribed by the WIIN Act. When the B. F. Sisk Dam Safety of Dams Modification Project is complete (which is currently expected to occur mid 2026), Reclamation will assign reimbursable capital costs based on its Cost Allocation methodology. The cost (est. \$1.5 billion) will be split (44/56) between the United States and the State based on the respective share of storage for each. The federal share that is reimbursable is anticipated to be about 15 percent, with the irrigation purpose receiving about 81 percent. District staff estimates that under the Cost Allocation methodology, the District share may be approximately \$19,000,000. Folsom Reservoir is undergoing Safety of Dams Modifications as well. Similarly, 15 percent of the cost (est. \$500,000,000 in 2010) is reimbursable, with the irrigation purpose receiving about 86.5 percent. Staff estimates that under the Cost Allocation methodology the District share may be approximately \$9,000,000.

2. **Municipal & Industrial rate:** The District provides approximately 4,600 acre feet per year for incidental non-irrigation water service, for which a separate Municipal & Industrial rate applies, which includes an interest component on the capital component.

3. **Restoration Fund charge:** Section 3407(c) of the Central Valley Project Improvement Act (Public Law 102-575 Title 34, the “CVPIA”) imposes on the District a fee on each acre foot of CVP Contract Water delivered by the District in order to fund payments in the Restoration Fund established to carry out the fish and wildlife restoration goals of the CVPIA.

4. **Trinity Public Utility District Assessment charge:** Under Public Law 106-377, Reclamation imposes an indexed fee per year on the District for payment to the Trinity Public Utility District, which fee amounted to \$164,630 in Fiscal Year 2019.

The table below sets forth the Cost of Service rate, and Restoration Fund charge and the Trinity Public Utility District Assessment charge per acre foot for Fiscal Years 2017 through 2021.

**United States Bureau of Reclamation
Annual O&M Rates
(per acre foot)**

<i>Fiscal Year</i>	<i>Cost of Service Rate</i>	<i>Restoration Fund Charge⁽¹⁾</i>	<i>Trinity Public Utility District Assessment Charge</i>
2020-21	\$103.43	\$10.91	\$0.12
2019-20	103.58	10.91	0.30
2018-19	118.08	10.63	0.30
2017-18	105.20	10.23	0.30
2016-17	98.42	10.21	0.30

⁽¹⁾ Restoration Fund charges are made on a federal fiscal year basis.
Source: District.

The Cost of Service Rate can vary significantly from year to year as a result of changes in Reclamation costs, reductions in total CVP deliveries, reservoir storage levels, and other factors. In addition, the United States Congress has increased Reclamation CVP water rates by legislation in the past and may do so again in the future. For this reason, it is difficult for the District to forecast Reclamation rates from year to year.

In addition to the rates set forth above, an amount (the “Potential Deficit”) equal to the difference between the actual cost of operations and maintenance as computed in accordance with federal reclamation law (“Actual O&M”) and the payments made in accordance with the current Westlands interim renewal contract, and federal reclamation law, whichever is applicable, is accrued by Reclamation. The District has the option to voluntarily pay all or a portion of the Potential Deficit. The amount of Potential Deficit not paid by the District voluntarily (the “Actual Deficit”) is required under current federal reclamation law to be repaid within thirty days after notice by Reclamation and accrues interest thereafter. As of September 30, 2019 (the latest date for which information is available from Reclamation), the District had an actual surplus balance of \$5,665,214, which was refunded to the District on December 1, 2020.

As of March 1, 1998, responsibility for operation and maintenance (“O&M”) of CVP conveyance systems was transferred to joint powers agencies representing most of the water contractors served by such facilities. At the same time, funding responsibilities were transferred, so that water contractors such as the District directly pay the costs of conveyance O&M. Federal appropriations no longer fund the activity, except where the federal government is the water contractor. Pursuant to these agreements, SLDMWA now sets and collects O&M rates for CVP conveyance facilities utilized to deliver water to the District. Overall, the transfer of responsibilities provides greater local control over cost and increases facilities reliability. The conveyance O&M costs must be fully funded on an annual basis, which may cause some year-to-year increases. However, such costs will also be fully accounted for, with overpayments available for credit or refunding to the District. The District will no longer incur interest-bearing deficit obligations to the federal government for the conveyance O&M costs.

The Western Area Power Administration (“WAPA”) and Reclamation, is proposing to construct a new 230-kilovolt 600 MW bi-directional transmission project about 85 miles in length between WAPA’s Tracy Substation and San Luis, O’Neill and Dos Amigos substations. The goal of the San Luis Transmission Project (“SLTP”) is to provide the electricity to economically and reliably deliver federal water supplies to water customers in the Central Valley and Bay Area while benefiting reliable grid operations in the region. As part of SLTP, WAPA is also considering constructing, operating and maintaining about seven miles of 70-kV

transmission line between San Luis and O’Neill substations. When completed, WAPA will own, operate and maintain the SLTP with 400 megawatts of capacity between Tracy and San Luis substations reserved to serve Reclamation and SLDMWA’s member agencies, fulfilling the transmission service request submitted by Reclamation. An additional 200 megawatts of north to south and 600 MW of south to north capacity could remain for use by other parties.

WAPA is statutorily obligated to provide power to the San Luis pumping units that serve SLDMWA’s member agencies. This project ensures that obligation is met at stable and affordable rates. SLDMWA and WAPA completed the environmental review process for the SLTP under the National Environmental Policy Act (“NEPA”) and CEQA and identified the preferred route and configuration for the transmission line. In April 2016, WAPA issued its record of decision for the SLTP project, which concluded the environmental review process.

Reclamation is considering options for financing the SLTP, which include financing through the SLDMWA and/or private investors. The District does not know if or when the SLTP will be constructed, how Reclamation will finance its share of the SLTP, including whether SLDMWA will participate in such financing, or what share of costs of the SLTP, including finance costs, will be assigned to the District for repayment. In the event that the construction of the SLTP is delayed or does not occur, WAPA will remain statutorily obligated to provide power.

The San Luis Canal currently supplies approximately 99% of the District’s CVP and contract water through 38 gravity fed laterals, 27 pump pressurized laterals, and numerous temporary diversions located throughout the District. Pipeline laterals distribute water within the District. Some land located in the northern portion of the District can be serviced by either the Mendota Pool or the San Luis Canal. Whenever possible, the District delivers San Luis Canal water to these lands in order to decrease pumping costs. All deliveries to water users are measured by flow meters which are read by the District twice each month.

In 2009, the Department of the Interior announced it was investing \$1 billion under the American Recovery and Reinvestment Act (“ARRA”) in America’s water infrastructure. Reclamation identified certain CVP projects that met the criteria for ARRA funding. Reclamation is recovering the cost of such projects as reimbursable O&M costs over a 10 year period. The District’s portion was fully repaid to Reclamation in Fiscal Year 2016. As of September 30, 2019, the District’s portion of such reimbursable O&M was \$0.

The United States owns the C.W. “Bill” Jones Pumping Plant (“JPP”), which has a total of six motors. Through its contract with Reclamation, SLDMWA operates and maintains the JPP, including the performance of capital maintenance projects. In December 2015, the JPP Condition Assessment Report stated that the JPP units are nearing the end of their service life and need refurbishment (commonly referred to as “rewind”). In Fiscal Year 2019, SLDMWA completed the JPP Unit No. 6 Motor Rewind Project, using \$5,000,000 in funds provided pursuant to a repayment contract between the United States and SLDMWA, and about \$400,000 in revenue collected through SLDMWA’s Extraordinary O&M rate. In Fiscal Year 2019, SLDMWA completed the Jones Pumping Plant Unit No. 6 Motor Rewind Project, using \$5,000,000 in funds provided pursuant to a repayment contract between the United States and SLDMWA, and about \$400,000 in revenue collected through the SLDMWA’s Extraordinary O&M rate. In Fiscal Year 2020, SLDMWA initiated the JPP Unit No. 2 Motor Rewind Project, using about \$6,095,532 in funds collected through SLDMWA’s Extraordinary O&M rate, and this rewind was completed in June 2020. The rehabilitation work on Unit No. 5, which began in late June 2020, and the rehabilitation work on Unit No. 3, which has not yet begun, is expected to be paid for using the proceeds of a loan from Reclamation pursuant to a second repayment contract with Reclamation, dated June 29, 2020. SLDMWA is expected to fund the rewind of Unit 1 and Unit 4 through payments received from the Friant Water Authority pursuant to a funding agreement and the proceeds of bonds expected to be issued by SLDMWA during the first quarter of calendar year 2021 in the aggregate principal amount of \$8,060,000. The rehabilitation work on Units 1 and 4 began in November, 2020 and is expected to be completed in March, 2022. All District costs related to repayment of repayment contracts with Reclamation

and the bonds will be included in SLDMWA's annual O&M rate, which varies depending on water allocation and expenses.

In addition to the potential projects discussed above, Reclamation or others are evaluating other projects to repair, replace, or improve CVP facilities. These potential projects include repair of the Delta-Mendota Canal and the San Luis Canal to restore conveyance capacity lost due to subsidence, the enlargement of Shasta Dam to increase the storage capacity in the Shasta Reservoir and the improvements to and/or enlargement of the B. F. Sisk Dam to address seismic issues and/or increase the capacity of the San Luis Reservoir. A Supplemental Environmental Impact Statement/Environmental Impact Report was certified for the B.F. Sisk Dam project in December 2020. Whether these potential projects will be undertaken by Reclamation or others, what the ultimate cost of such potential projects might be, how such potential projects will be financed and what share of such costs, including financing costs, may be the responsibility of the District cannot be predicted.

DWR and others are currently undertaking certain development activities with respect to the construction of a single tunnel through the Delta and related improvements commonly referred to as the "Delta Conveyance Project." The District Board had voted in September 2017 not to participate financially in a predecessor project commonly referred to as the California WaterFix and is not participating financially in the development activities with respect to the Delta Conveyance Project. The District cannot predict if the Delta Conveyance Project will be undertaken by DWR or others or the effect, if any, on the delivery of CVP and other water to the District through CVP facilities in the event that the Delta Conveyance Project is undertaken.

District Water and Acreage Charges

Rate Setting Procedure. Water rates and acreage charges are typically adopted in February, after Board approval of the District's proposed budget, and are subject to the notice, hearing and protest provisions of Proposition 218. See the caption "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218." The budget considers the water supply situation facing the District for the upcoming Fiscal Year. The District operates on a March-to-February Fiscal Year. The budget adopted in February may be augmented during the year if the water supply situation changes.

The District raises annual operating revenues from water sales, which are generally billed monthly, and acreage charges and assessments, which are generally billed annually. The District's water sales revenue and revenue from certain acreage charges covers all operating expenses, including amounts payable by the District to SLDMWA under the DHCCP Activity Agreement which secures the SLDMWA 2021B Bonds, as well as a portion of the District's capital repayment obligation to Reclamation. Non-operating revenues include interest income.

Payment for water used (including pumping charges) is generally due by the 25th day of the month following the month of use. Payment of acreage charges covering a portion of the District's operating expenses are due by September 25 of each year. Generally, no further water deliveries are made if such payments are not received when due. In the event that any of such payments are not made, the amount(s) owed may be added to the annual assessment on the land on which the water or power was allocated or used, or on which acreage charges were imposed, as applicable.

In response to COVID-19, on April 2, 2020, Governor Newsom signed Executive Order N-42-20, which, among other things, (i) suspends the authority of certain water systems to discontinue residential water service, (ii) orders water systems to restore any residential service to occupied residences that has been discontinued for nonpayment since March 4, 2020, (iii) prohibits water systems from discontinuing service to any business in the critical infrastructure sectors designated by the State Public Health Officer as critical to protect the health and well-being of all Californians that qualifies as a small business under 13 C.F.R § 121.201 of the Small Business Administration's regulations, and (iv) orders the SWRCB to identify best

practices, guidelines, or both to be implemented during the COVID-19 emergency (a) to address non-payment or reduced payments, (b) to promote and to ensure continuity of service by water systems and wastewater systems, and (c) to provide measures such as the sharing of supplies, equipment and staffing to relieve water systems under financial distress. The District's ability to discontinue agricultural water service to customers for failure to pay may not be permitted by Executive Order N-42-20.

As of November 30, 2020, 4 of the District's 640 accounts for agricultural water service, or approximately 0.6%, were delinquent in payment and 5 of its accounts for municipal and industrial water service, or approximately 2.66%, were delinquent.

Each January, farmers within the District must apply for an allocation of agricultural water for the forthcoming crop year (March 1 to February 28 or 29) and agree to accept and pay for it. Reclamation usually informs the District by February of the initial availability of CVP water.

On February 26, 2020, the District held a public hearing (the "Hearing") in accordance with Proposition 218 with respect to water rate increases for Fiscal Year 2021. At the time of the Hearing, the District assumed a 25% allocation of CVP Contract water entitlements for Fiscal Year 2021. On February 26, 2020, the Board approved rates which were equal to the maximum rates noticed for the Hearing. As discussed under the caption "—Projected Water Usage," on February 5, 2020, Reclamation announced an initial allocation of 15% (approximately 179,000 acre-feet) under the District's and Distribution Districts then effective contracts, and on May 19, 2020, Reclamation announced a 5% increase in this allocation, to 20% (approximately 239,000 acre-feet) for the 2020-21 contract year (Fiscal Year 2021). Such allocation applies to the District's 9(d) Contract and the Converted Assignment Contracts and superseded the District's interim renewal contracts. The projected operating results set forth under the caption "—Projected Operating Results and Debt Service Coverage" reflect the current adopted budget amounts at the water rates approved by the Board, adjusted for such 20% allocation.

Water Charges. The District's O&M rate covers approximately half of the operations and maintenance costs associated with supplying and distributing water to its customers, in addition to acquisition of capital assets and preventive maintenance programs, and depreciation. Rates and charges are adopted along with the Budget in February prior to the beginning of the new fiscal year and may be subsequently adjusted if the water supply situation changes. The District's O&M rate is added to the cost of CVP water deliveries.

The SWRCB water rights fee rate is collected by the District from all water users who take delivery of any of the District's CVP Contract Water in order to pay the SWRCB's fees for water rights and water quality certification programs adopted as a result of the emergency regulations implementing SB 1049. In the event of a 0% water allocation, SWRCB water rights fees are collected through District O&M charges.

The District imposes a number of other rates and charges. Usage charges are billed by the District to water users based upon their use of water allocated to their account and for use of the distribution system on lands which are not assessable but which the water user farms. A Power Surcharge, based on pumping pressure and lift, is added to water rates for agricultural deliveries through temporary facilities. This surcharge applies to lands west of the San Luis Canal and the Coalinga Canals. The Ground Water Management Program charges are collected on all water delivered through groundwater pumping facilities that have been transferred to the District by water users. Account Monitoring Charges are imposed on certain water users with delinquent accounts or where increased monitoring is warranted in order to recover the District's cost of providing associated services.

Acreage Charges. In 2000, the Long-Term Water Supply debt service charge was adopted to cover the installment payments (the "Series 1999A Installment Payments") payable under an Installment Purchase Agreement, dated as of April 1, 1999 and to fund an internal reserve for the first phase of the District's land and water acquisition program. The calculation of the Long-Term Water Supply debt service charge was revised in 2003 pursuant to the terms of the Settlement Agreement. The District raised the Long-Term Water

Supply debt service charge beginning in Fiscal Year 2006 to pay a portion of the installment payments (the “Series 2005A Installment Payments”) payable under an Installment Purchase Agreement, dated as of December 1, 2004. In 2005, the proceeds of the District’s Revenue Certificates of Participation, Series 2005B (the “Series 2005B Certificates”) were used to prepay a portion of the Series 1999A Installment Payments and the Long-Term Water Supply debt service charge was decreased to cover the debt service on an Installment Purchase Agreement entered into in connection with the Series 2005B Certificates. In Fiscal Years 2008 and 2009, the charge was increased to pay the installment payments (the “Series 2007A Installment Payments”) payable under an Installment Purchase Agreement, dated as of December 1, 2006, the Series 2007B Installment Payments (as such term is defined under the caption “—Outstanding Obligations—Obligations Payable Obligation Payable from Net Revenues and Subordinate to the DHCCP Activity Agreement “) and the installment payments (the “Series 2008A Installment Payments”) payable under an Installment Purchase Agreement, dated as of March 1, 2008, respectively. In 2009, the District’s obligation to pay the portion of Series 1999A Installment Payments not refunded from the proceeds of the Series 2005B Certificates ceased and the Long-Term Water Supply debt service charge was decreased accordingly. In 2016, upon the refunding of the Series 2005A Installment Payments, the Series 2007A Installment Payments, and the Series 2008A Installment Payments, the Long Term Water Supply debt service charge was decreased accordingly. In 2017, the Long-Term Water Supply debt service was included in the District’s new benefit assessment and is no longer a separate acreage based charge. The District’s acreage charges are billed generally on an annual basis by the District directly to its customers and are not collected on the Fresno County and Kings County tax bills.

In Fiscal Year 2012, after compliance with the notice, hearing and protest procedures of Proposition 218, the District adopted a charge to fund costs associated with the representation of private landowners in a dispute with the United States relating to the drainage of lands within the District that are affected by sub-surface drainage. The District has continued to adopt such charge each Fiscal Year since. See the caption “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218” for a discussion of the election requirements under the State Constitution with respect to such charges. See the caption “—Drainage” for further information with respect to drainage issues affecting the District.

In Fiscal Year 2016, after compliance with the notice, hearing and protest procedures of Proposition 218, the District adopted a charge to fund costs associated with the Westlands Water Quality Coalition that was formed to serve as the third-party representative for land owners and operators of irrigated lands covered under the Regional Water Quality Control Board’s Waste Discharge Requirements General Order for the Western Tulare Lake Basin Watershed. The District adopted such charge for Fiscal Year 2021. See the caption “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218” for a discussion of the election requirements under the State Constitution with respect to such charges.

In Fiscal Year 2020, after compliance with the notice, hearing and protest procedures of Proposition 218, the District adopted a charge to fund costs associated with the Westlands Water District Groundwater Sustainability Agency and implementation of the Groundwater Sustainability Plan. The District has adopted such charge for Fiscal Year 2021.

In Fiscal Year 2020, after compliance with the notice, hearing and protest procedures of Proposition 218, the District adopted a charge to fund costs associated with community outreach programs within the District’s boundaries. The District has adopted such charge for Fiscal Year 2021.

In 2017, the District adopted a new benefit assessment methodology. The benefit assessment is based on two land use categories: lands eligible for CVP water allocation and lands eligible for other water supply. The land use categories correspond to different levels of special benefits received. Certain fixed operations and maintenance costs and debt service related to long-term water supply acquisitions are assessed to irrigable lands within the District based on the land use category of each parcel. The benefit assessment was approved by the landowners of the District for a ten-year term beginning with the 2017 assessment. The annual benefit

assessment incorporates a maximum escalation per year of three percent on the portion of the assessment that pays for fixed operations and maintenance costs. The portion that pays for the debt service on long-term water supply was not escalated and is based on debt service payments.

As discussed above, District water rates and acreage charges for water service within the District's service area are set by the Board and are not subject by statute to the jurisdiction of, or regulation by, the California Public Utilities Commission or any other regulatory body. The District, however, is required to comply with the notice, hearing and majority protest provisions of Article XIII D of the State Constitution, which is popularly known as Proposition 218. For Fiscal Year 2021, the District did not receive any written protests with respect to water rate increases. In prior years, protests have been minimal. See the caption "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218" for further information with respect to Proposition 218.

Settlement Agreement Charges. Under the Settlement Agreement, the District is obligated to assess all irrigable land within Merged and Pre-Merger Lands of the District to pay the sum of 78.73% of the Series 1999A Installment Payments and all of the payments of principal of and interest on the Series 2012A Bonds annually on a per-acre basis to non-retired lands in Merged and Pre-Merger Lands, respectively, on the basis of a 1 to 2.33 ratio. When the Series 1999A Installment Payments were partially prepaid by the Series 2005B Certificates, and then the 2008A Certificates, the District's obligation with respect to the Series 1999A Installment Payments continued in full.

In addition, a charge for extraordinary repairs of pipe is collected each year on all irrigable land within Merged and Pre-Merger Lands of the District to cover the costs of certain repairs and replacements to the distribution system.

Settlement Agreement charges are approved by the District on an annual basis and are subject to the hearing and protest provisions of Proposition 218. See the caption "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON APPROPRIATIONS AND CHARGES—Proposition 218."

Supplemental Water. The cost of supplemental surface water acquired, either directly by water users or by the District on behalf of a group of water users, is borne by the individual or the group that requests the water. For supplemental surface water acquired by the District, all water transaction costs are pooled together and a single, blended rate per acre foot of water is then charged to the individuals comprising the group, based upon their individual allocations of such supplemental surface water. When supplemental water is in surplus (supply exceeds requests from water users) the District may allocate the surplus supplemental water to all eligible cropland in the District, excluding acquired lands, on a per acre basis and at a rate that recovers transaction costs. See the caption "—District Water Supply—Supplemental Water."

Municipal and Industrial Water. The District delivers nonagricultural water to Lemoore Naval Air Station, area businesses, labor facilities, cotton gins, crop-grading stations, processing plants and private homes. The intended use of nonagricultural water requires a minimum billing of either 1 or 2 acre feet, payable in advance. This water use accounts for about 4,600 acre feet per annum, under 1% of water used within the District on average.

Drainage

In 1960, when the San Luis Unit of the CVP was authorized, it was understood that the delivery of irrigation water to areas within the San Luis Unit, including the District, would also require drainage. Studies of the proposed San Luis Unit confirmed the need for drainage. Lands in areas adjacent to the proposed San Luis Unit were experiencing drainage problems, and landowners in those adjacent areas expressed concerns that providing irrigation water to the San Luis Unit lands without drainage could exacerbate their drainage problem. Indeed, California's earliest water plans recognized that if water were exported from the Sacramento – San Joaquin Rivers Delta and used in the Central Valley, a master drain would be needed. Accordingly,

section 1(a) on the San Luis Act, required the Secretary to provide for a drain to the Delta in the event that the State of California did not provide a drainage system. (Act of June 3, 1960, Public Law 86-488, 74 Stat. 156.) In 1961, California informed the Secretary that it would not provide a master drain, and on January 9, 1962, the Secretary advised the Congress that he would make provision for the drain called for by the San Luis Act. Later, the District and the United States entered into the 1963 Contract, which the District maintains required Reclamation to provide drainage service to lands within the District that are affected by sub-surface drainage. Reclamation originally intended to build the San Luis Drain (the “Drain”) from the extreme southern end of the District to a discharge point into the Sacramento-San Joaquin River Delta/San Francisco Bay Estuary (the “Bay-Delta”). Environmental considerations prevented completion of the Drain, of which some 82 miles had been constructed between 1968 and 1975. The Drain was terminated at the Kesterson Wildlife Refuge, which is about 40 miles north of the District. Between 1978 and 1986, approximately 7,300 acre feet of drainage water from the District drained annually into the Drain and Kesterson Reservoir. This saline drainage water was collected from a 42,000 acre area of the District having open joint collector lines, with approximately 5,000 of these acres also having farm collector lines.

In March 1985, due to concerns over selenium concentrations in waterfowl at the Kesterson Refuge, the Department of the Interior announced plans to immediately close Kesterson Reservoir and the Drain and terminate irrigation water deliveries to 42,000 acres in the District. This plan was later modified to permit continued irrigation but required the District to find alternative means for disposing of the drainage water or stop all flows to Kesterson Reservoir by June 1986. The District initially attempted to provide evaporation ponds to dispose of the drainage water. However, because of requirements by regulatory agencies as to the design and monitoring of the ponds, the costs proved prohibitive. As a last resort, to meet the June 1986 deadline, as required by its agreement with the United States, the District plugged the drains in May 1986. For a description of the District’s responsibility for a share of the costs of cleanup of Kesterson Reservoir, see the caption “—Kesterson Cleanup Cost.”

In 1994, the United States District Court for the Eastern District of California (the “District Court”) ordered Reclamation to make application to the SWRCB for the water quality permits necessary to complete the Drain. The SWRCB then concluded that a comprehensive environmental review regarding drainage alternatives was necessary and initiated a negotiation process with the District and Reclamation for payment of environmental service costs. In February 2000, the United States Court of Appeals for the Ninth Circuit affirmed the District Court’s decision that the Secretary of the Interior has a statutory duty to provide drainage service to the San Luis Unit of the CVP. It reversed, however, the District Court’s injunction ordering Reclamation to make the application necessary to complete the Drain. The Ninth Circuit held that the Secretary has discretion to provide drainage service through means other than the Drain, and the form of the injunction impermissibly constrained the exercise of that discretion. On April 18, 2001, Reclamation submitted a plan describing additional studies that it would conduct to assess all viable drainage service alternatives to determine their economic feasibility, environmental impacts and benefits. A final plan and supporting Environmental Impact Statement (“EIS”) was completed and released in March 2007.

The lack of adequate drainage management will, over time, cause the buildup of saline sub-surface water in certain areas within the District. The extent of this buildup is uncertain, as is the ultimate cost of drainage management and treatment. District management believes that a solution can be developed that is manageable, both technically and economically, within the financial capabilities of the District. Nonetheless, the District continues to maintain that the United States has breached its contractual duties to provide drainage service and continues to do so.

In May 2012, the District filed a lawsuit against the United States in the United States Court of Federal Claims alleging breach of contract with respect to Reclamation’s continuing failure to provide drainage services and facilities. In September 2015, the United States and the District enter into a settlement, which, if approved by Congress, would end a decades-long dispute over Reclamation’s responsibility to provide drainage for the farmland within the District. To date, Congress has not approved the settlement and the District cannot predict if Congress will approve the settlement.

The settlement provides that the District will become legally responsible for the management of drainage water within its boundaries, in accordance with federal and California law. How the District will manage drainage water depends on the varying needs within the drainage-impaired areas, and will evolve as conditions change. It will also depend upon ongoing monitoring and regulation of groundwater under the Long Term Irrigated Lands Regulatory Program being administered by the California Central Valley Regional Water Quality Control Board under the Porter-Cologne Water Quality Control Act. California Water Code sections 13000, *et seq.* Measures that will be used by the District include elements identified in Reclamation's drainage plan, such as land retirement, source control through more efficient irrigation practices, and collection and reuse of shallow groundwater.

The settlement further provides that the District will receive a permanent water supply contract based on its current contracts which contain similar shortage provisions. However, any allocations above 895,000 acre feet will be reserved by the United States for its use. Additionally, the District will no longer be subject to acreage limits under Reclamation Law. The drainage settlement requires the District to assume full responsibility for drainage management within its boundaries. The District will be required to retire from irrigated agriculture not less than 100,000 acres of land and to repurpose the non-irrigated lands for environmentally friendly uses, such as upland habitat restoration project or management of drainage water and renewable energy. The settlement relieves the District of repayment obligation for prior expenditures by the United States for construction of the CVP which were estimated to be approximately \$375,000,000 as of September 15, 2015. At such time as Congress approves the settlement, the District will receive credit for any repayment made since September 15, 2015. The settlement also transfers title to the distribution system to the District. Under the terms of the settlement, the Department of the Interior will oversee the District's management of drainage.

The District previously purchased approximately 92,600 acres of land within the District that have either been retired from irrigated agriculture or do not typically receive a CVP allocation and are generally fallowed. These lands count towards the District's obligation under the drainage settlement to retire not less than 100,000 acres of land from irrigated agriculture. The District would need to secure and record a non-irrigation covenant or acquire an additional 7,400 acres of land to implement the drainage settlement. The District currently expects that the cost of such land retirement would not exceed \$25,200,000. The District expects to finance the cost of such land retirement from the proceeds of Bonds or Contracts.

Prior to the filing of the District's lawsuit, a group of District farmers brought a class action suit in the United States Court of Federal Claims against the United States in *Etchegoinberry v. United States* alleging that through its inaction of the drainage solution, the federal government effectively had "taken" their land without just compensation as required by the Fifth Amendment to the United States Constitution. This action is independent of the District's suit. This independent lawsuit is financed through a land-based charge collected by the District, acting as the fiscal agent of convenience for the plaintiffs in the suit. See the caption "—District Water and Acreage Charges—Acreage Charges." The District and the United States have agreed to work cooperatively to seek settlement of drainage claims brought by the landowners. A settlement in the *Etchegoinberry v. United States* case would occur if the District and the United States are able to implement the drainage settlement discussed above, whereby the District would pay landowners to resolve claims in the *Etchegoinberry* case, and the District will indemnify the United States against any future landowner claim. The District currently expects that such compensation would not exceed \$160,000,000. The District expects that such settlement costs would be financed from the proceeds of Bonds or Contracts.

Because certain conditions required to implement the drainage settlement, particularly the act of Congress, have not yet occurred, the District and the United States have continued to work on the issues in an attempt to reach a final resolution. Certain costs of such drainage management described above may be financed from the proceeds of Bonds or Contracts. However, given the uncertainty with implementation of the drainage settlement and the settlement of the *Etchegoinberry v. United States* case, the District cannot estimate the amount or timing of the issuance, or if they will occur at all, of such Bonds or Contracts for drainage management activities at this time.

Kesterson Cleanup Cost

In 1995, Reclamation issued a Kesterson Reservoir Cleanup Repayment Report (the “Repayment Report”) in response to the Federal Conference Report accompanying H.R. 5019, which required that repayment policies with respect to Kesterson Reservoir and other drainage-related costs be reviewed. The Repayment Report included estimated reimbursable and non-reimbursable cleanup costs. The District’s reimbursable costs incurred from 1985 through 1990 were approximately \$19.8 million. Reclamation has capitalized these costs over the period 1999 to 2030, and has included, and will continue to include, such costs in the capital portion of the District’s CVP Contract Water rates in those years. The District’s reimbursable costs incurred after 1990 have been and will be included in Reclamation’s annual O&M rates charged to the District. These costs range from \$200,000 to \$1,000,000 annually, depending upon the level of monitoring activity.

Capital Improvement Program

The District’s five year capital improvement plan for the improvement of the Distribution System and other facilities is projected to be approximately \$11,000,000 to \$25,000,000. The District currently projects that these capital improvements will be financed from a combination of Net Revenues and reserves. The District does not currently expect to issue any Bonds or incur any Contracts to finance such capital improvements. See, however, the caption “—Future Financings” below for a discussion of potential financings for certain costs if the drainage settlement is approved by Congress.

Management of Land Purchased By District

The District has purchased approximately 92,600 acres of land within the District since 1999 as a part of District and Reclamation land retirement and other programs. The District has sold approximately 11,700 acres of such land to solar developers and other private parties. Typically, such land is sold without a right to receive water from the District or to pump groundwater, and the District records a drainage easement and non-irrigation covenant on the land.

The District currently owns approximately 80,900 acres of land within the District. Such land is typically leased to private individuals under short-term arrangements for grazing or other purposes. These arrangements typically do not provide for water to be delivered to such land from the District, nor to pump groundwater.

The District currently has approximately 18,000 acres of such land under option to be sold to private parties for solar development or other purposes. There can be no assurance that any such option will be exercised by the other parties thereto. If such options are exercised, then the District may be required to apply all net proceeds of such sale to prepayment of certain Bonds or Contracts, including the Series 2012A Bonds and Series 2016A Bonds.

Certain land owned (or previously owned) by the District is intended to be a portion of the land to be retired under the drainage settlement. See the caption “—Drainage” for a discussion of the drainage settlement.

One effect of such land purchases and sales has been the reduction in acreage within the District receiving water from the District. Such effect has a result of increasing water supply to the remaining acreage in the District.

Historic Water Usage

The District records the volume of water delivered by its distribution system and meters groundwater pumped by water users in the District. The following table summarizes water deliveries and groundwater pumping in the District for the most recent ten Fiscal Years.

Westlands Water District Historic Water Usage (Acre-Feet)

<i>Fiscal Year</i>	<i>CVP Contract Water⁽¹⁾</i>	<i>Supplemental Water⁽²⁾</i>	<i>Groundwater⁽³⁾</i>	<i>Total Water Usage</i>
2010-11	570,732	169,865	140,000	880,597
2011-12	842,552	286,424	45,000	1,173,976
2012-13	389,167	251,074	355,000	995,241
2013-14	185,327	248,496	638,000	1,071,823
2014-15	98,573	86,096	655,000	839,669
2015-16	82,429	90,256	660,000	832,685
2016-17	9,204	246,528	612,000	867,732
2017-18	911,307	124,481	54,000	1,089,788
2018-19	580,050	98,210	328,000	1,006,260
2019-20	766,000	172,000	89,000	1,027,000

(1) May include rescheduled water from the previous Fiscal Year.

(2) Includes assignment water and supplemental surface water acquired by the District and acquired by water users independent of the District, and rescheduled water from the previous Fiscal Year. See “—District Water Supply—CVP Assignment Contract Water.”

(3) Estimated groundwater pumped by landowners or water users in the District.

Source: District.

CVP Contract Water deliveries have varied dramatically from year to year as a result of variances in precipitation, CVP storage and State and federal regulatory actions. Water deliveries in Fiscal Years 2013 through 2017 reflect the effects from four successive years of very low precipitation throughout the State as well as the effects of certain regulatory actions on the ability of Reclamation to deliver water under the Water Contracts, and reduced water storage in CVP reservoirs.

Projected Water Usage

The following table lists the District’s estimated water deliveries for the current and next four Fiscal Years as well as estimated groundwater pumping by water users in the District. In Fiscal Year 2021, the District received a 20% allocation of its CVP Contract Water entitlements based on Reclamation’s announced allocation, notwithstanding a preliminary injunction issued on May 11, 2020 with respect to judicial challenges to the 2019 biological opinions and Reclamation’s acceptance of the 2019 biological opinions. See the caption “Litigation” for a discussion of such judicial challenge. For the remaining Fiscal Years, if the CVP operates under the COA Addendum and the October 2019 biological opinions, then its long-term average allocation from the CVP will be approximately 55% to 60%, and the projected CVP Contract Water deliveries are based on an allocation of approximately 55% of the District’s CVP Contract Water entitlements. The long-term 55% to 60% average allocation projection of CVP deliveries is based on the CalSim II computer model, which projects CVP and SWP operations under representative hydrologic and regulatory conditions. See the captions “—District Water Supply” and “INVESTMENT CONSIDERATIONS,” as such regulatory actions may have a materially adverse effect on the District’s water supply.

CVP Contract Water entitlements will vary from year to year as described herein, and such variations may be material. Reduced CVP Contract Water deliveries may result in an increase in supplemental water purchases and increased groundwater pumping.

**Westlands Water District
Projected Water Usage (Acre Feet)**

<i>Fiscal Year</i>	<i>CVP Contract Water⁽¹⁾</i>	<i>Supplemental Water⁽²⁾</i>	<i>Groundwater⁽³⁾</i>	<i>Total Water Usage</i>
2020-21 ⁽⁴⁾	250,000	170,000	450,000	870,000
2021-22	658,321	119,000	270,000	1,047,321
2022-23	658,321	119,000	270,000	1,047,321
2023-24	658,321	119,000	270,000	1,047,321
2024-25	658,321	119,000	270,000	1,047,321

(1) Includes assignment water projected and rescheduled water from the previous Fiscal Year.

(2) Includes supplemental surface water acquired by the District and acquired by water users independent of the District.

(3) Estimated groundwater pumped by landowners and water users in the District.

(4) Reflects District estimate of a projected hydrological year based on dry hydrology.

Source: District.

Financial Statements

A copy of the most recent audited financial statements of the District for the Fiscal Year ending February 29, 2020 prepared by K-Coe Isom, LLP (the “Auditor”), including the Auditor’s Independent Auditors’ 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, are set forth in EXHIBIT A-1 TO APPENDIX A—“WESTLANDS WATER DISTRICT FINANCIAL STATEMENTS.” The Auditor’s letter concludes that the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of February 29, 2020, and the respective changes in financial position and 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. The Auditor has not reviewed the information contained in this Official Statement. The Auditor has consented to the inclusion of the Financial Statements herein.

The District complies with accounting principles generally accepted in the United States of America (“GAAP”) and applies all relevant Governmental Accounting Standard Board pronouncements.

The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all assets and liabilities associated with the District’s activities are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned while expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The District’s funds distinguish revenues and expenses and nonoperating items. Operating revenues and expenses generally result from providing services in connection with the District’s ongoing operations. The principal operating revenues of the District are water sales, land-based charges, and assessments. Operating expenses include water purchases and distribution costs, administrative expenses, depreciation and amortization on capital assets and water rights. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The definition of Revenues and Operation and Maintenance Costs under the Indenture does not differentiate between operating revenues and expenses and nonoperating revenue and expenses, as the case may be, for financial covenant purposes.

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 EXHIBIT A-1 TO APPENDIX A—“WESTLANDS WATER DISTRICT FINANCIAL STATEMENTS” attached hereto.

See the EXHIBIT A-1 TO APPENDIX A—“WESTLANDS WATER DISTRICT FINANCIAL STATEMENTS” attached hereto for a discussion of accounting practices of the District. Except as otherwise expressly noted herein, all financial information derived from the District’s audited financial statement reflect the application of GAAP.

The summary operating results contained under the caption “—Historic Operating Results and Debt Service Coverage” are derived from these financial statements (excluding certain non-cash items and after certain other adjustments as required or permitted under the Installment Purchase Agreements and the Indentures) and are based on the financial covenants included in the Installment Purchase Agreements and the Indentures.

In providing a rating on the SLDMWA 2021B 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” herein in the forepart of this Official Statement. 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 amounts due to SLDMWA under the DHCCP Activity Agreement or for any other purpose.

Historic Operating Results and Debt Service Coverage

The following tables set forth a summary of water system operating results and debt service coverage of the District for the last five Fiscal Years and includes information with respect to two enterprise funds maintained by the District on a combined basis. See EXHIBIT A-1 TO APPENDIX A—“WESTLANDS WATER DISTRICT FINANCIAL STATEMENTS” attached hereto. The following summary for the Fiscal Year ended the last day of February for the years indicated is qualified in its entirety by reference to such statements for such years, including the notes thereto. The Auditor has not reviewed the information set forth in the following table.

Westlands Water District
Historic Operating Results and Debt Service Coverage (Fiscal Years)

	<i>2016</i> ⁽¹⁵⁾	<i>2017</i>	<i>2018</i>	<i>2019</i> ⁽¹⁵⁾	<i>2020</i>
Revenues:					
Irrigation Water Sales ⁽¹⁾	\$ 112,762,154	\$ 189,505,753	\$ 228,221,901	\$ 166,490,652	\$ 189,641,914
Municipal & Industrial Water Sales	2,775,613	2,631,062	2,555,292	2,859,434	2,691,435
Interest Income ⁽²⁾	1,657,623	1,995,848	2,247,712	3,251,048	3,469,906
Assessments and Other Charges ⁽³⁾	36,915,224	32,460,559	28,156,583	27,749,312	20,401,734
Other Revenue ⁽⁴⁾	<u>8,772,129</u>	<u>13,284,848</u>	<u>1,724,937</u>	<u>5,939,886</u>	<u>22,830,151</u>
Total Revenues	<u>\$ 162,882,743</u>	<u>\$ 239,878,070</u>	<u>\$ 262,906,425</u>	<u>\$ 206,290,332</u>	<u>\$ 239,035,140</u>
Operation and Maintenance Costs:					
Purchased Water	\$ 99,345,125	\$ 162,131,242	\$ 207,351,572	\$ 145,122,055	\$ 161,605,582
Pumping	300,430	287,804	380,098	418,425	449,575
Transmission and Distribution	5,290,402	5,822,663	6,730,220	7,418,911	7,740,924
Administrative ⁽⁵⁾	16,176,107	18,825,489	16,067,020	18,827,660	21,212,313
DHCCP Activity Agreement ⁽⁶⁾	<u>1,979,892</u>	<u>2,000,134</u>	<u>1,973,403</u>	<u>1,973,811</u>	<u>1,975,715</u>
Total Operation and Maintenance Costs	<u>\$ 123,091,956</u>	<u>\$ 189,067,332</u>	<u>\$ 232,502,313</u>	<u>\$ 173,760,862</u>	<u>\$ 192,984,109</u>
Net Revenues	<u>\$ 39,790,787</u>	<u>\$ 50,810,738</u>	<u>\$ 30,404,112</u>	<u>\$ 32,529,470</u>	<u>\$ 46,051,031</u>
Transfers to (-)/from (+) Rate Stabilization Fund ⁽⁷⁾	\$ -	\$ (3,200,000)	\$ -	\$ (4,500,000)	\$ -
Total	<u>\$ -</u>	<u>\$ (3,200,000)</u>	<u>\$ -</u>	<u>\$ (4,500,000)</u>	<u>\$ -</u>
Debt Service ⁽⁸⁾⁽⁹⁾					
Series 2005A Installment Payments ⁽¹⁰⁾	\$ 3,281,850	\$ 3,145,722	\$ -	\$ -	\$ -
Series 2007A Installment Payments	2,302,719	2,299,519	-	-	-
Series 2007B Installment Payments	1,324,206	1,320,606	1,321,406	1,321,406	1,325,606
Series 2008A Installment Payments ⁽¹¹⁾	1,803,313	406,682	-	-	-
Series 2012A Bonds	5,770,050	5,770,300	4,109,125	3,940,400	3,941,800
Series 2016A Bonds	-	-	5,124,640	5,719,500	5,728,900
State Irrigation Loan #1	64,076	64,076	-	-	-
State Irrigation Loan #2	<u>322,678</u>	<u>322,744</u>	<u>323,293</u>	<u>323,293</u>	<u>-</u>
Total Debt Service	<u>\$ 14,868,892</u>	<u>\$ 13,329,649</u>	<u>\$ 10,878,464</u>	<u>\$ 11,304,599</u>	<u>\$ 10,996,306</u>
Coverage Ratio ⁽¹²⁾⁽¹³⁾	2.68	3.57	2.79	2.48	4.19
Coverage Ratio Excluding Land Sale Proceeds ⁽¹⁴⁾	2.21	2.69	2.79	2.27	2.96
Subordinate Contract Payments					
1965 Contract	\$ 3,982,714	\$ 3,982,714	\$ 3,982,715	\$ 1,991,367	\$ 0
Remaining Balance	<u>\$ 20,939,181</u>	<u>\$ 30,298,375</u>	<u>\$ 15,542,932</u>	<u>\$ 14,733,504</u>	<u>\$ 35,054,725</u>

(1) Includes CVP Contract Water and supplemental surface water.

(2) Excludes unrealized gains and losses on investments in Fiscal Years 2016, 2017, 2018, 2019 and 2020 in the amounts of (\$39,768.99), (\$178,444), (\$930,479), \$188,384 and \$1,589,936, respectively. Includes repayment of interest on a loan made to a former employee to purchase a residence when such employee moved from Washington, D.C. to California in 2008. The loan was repaid in September 2018.

(3) Includes land-based charges, contract repayment and certain Debt Service.

(4) Includes other operating revenue, grant revenue, miscellaneous revenue and gain on sale of land.

(5) Includes customer accounts, general and administrative and other operating expenses. Amounts for Fiscal Year 2017 differ from the Administrative expenses provided in the audited financial statements for the District for Fiscal Year 2017 because the amounts in the table exclude a one-time swap termination payment paid with proceeds of the District's 2016A Bonds, a non-cash adjustment to the District's pension expense and certain other non-cash items.

(6) District payment obligation to SLDMWA with respect to the DHCCP Activity Agreement net of amounts received from certain other SLDMWA members in Fiscal Years 2016, 2017, 2018, 2019 and 2020.

(Footnotes Continued on Following Page)

- (7) In Fiscal Year 2017, in conjunction with the issuance of the Series 2016A Bonds, the District established the Rate Stabilization Fund with an initial amount of \$5,500,000 and the Special Purpose Fund with an initial amount of \$5,200,000. The initial designations were from revenues collected in prior years. In addition, prior to the close of Fiscal Year 2017, the Board designated an additional \$3,200,000 of the increase in net position to be transferred to the Rate Stabilization Fund and \$11,700,000 of the increase in net position to be transferred to the Special Purpose Fund. The Board also designated \$4,500,000 of the increase in net position to be transferred to the Rate Stabilization Fund prior to finalizing the Fiscal Year 2019 financial statements. The transfer to the Rate Stabilization Fund does affect the coverage ratio.
- (8) Debt Service payments include the semiannual payments with respect to September 1 and March 1 interest payment date which is paid by District to Trustee in the prior fiscal year.
- (9) Amounts reflect the defeasance of certain District obligations from time to time from the proceeds of land sales and other moneys.
- (10) Debt service payments reflect the amounts paid to the Trustee on a monthly basis, as described in this Official Statement.
- (11) Reflects Series 2008A Installment Payments net of receipts from an interest swap agreement which was terminated in 2016.
- (12) Equals Net Revenues divided by Total Debt Service.
- (13) Calculated in accordance with the Series 2020A Installment Purchase Agreement. Calculation may vary from calculation under other trust agreements, indentures or other contracts to which the District is a party.
- (14) Equals Net Revenues less gain on sale of land of \$6,918,746 in Fiscal Year 2016, \$11,819,866 in Fiscal Year 2017, \$1,874 in Fiscal Year 2018, \$2,368,173 in Fiscal Year 2019 and \$13,523,586 in Fiscal Year 2020, divided by Total Debt Service.
- (15) See the caption “—Management Discussion of Historic Operating Results and Debt Service Coverage” for a discussion of prior period adjustments not reflected in the numbers above.

Source: District.

Management Discussion of Historic Operating Results and Debt Service Coverage

In the District’s audited Financial Statements for Fiscal Year 2016, the District recorded prior period adjustments to reflect the implementation of GASB No. 68 – Accounting and Financial Reporting for Pensions, as amended by GASB No. 71. Such prior period adjustment had no effect on Revenues, Operation and Maintenance Costs, Net Revenues, Debt Service or the Coverage Ratio in Fiscal Year 2016 or any prior year which are calculated in accordance with the Installment Purchase Agreements or the Indentures.

In the District’s audited Financial Statements for Fiscal Year 2019, the District recorded prior period adjustments to reflect the implementation of GASB No. 75. The prior period adjustment affected the Statement of Revenues, Expenses and Changes in Net Position. Such prior period adjustment had no effect on Revenues, Operation and Maintenance Costs, Net Revenues, Debt Service or the Coverage Ratio in Fiscal Year 2019 or any prior year which are calculated in accordance with the Installment Purchase Agreements or the Indentures. See the caption “Employee Benefits—Other Post-Employment Benefits—New Standard – GASB Statement No. 75” above.

For further discussion of the Financial Statements for Fiscal Year 2020, see Management’s Discussion and Analysis contained within such Financial Statements attached as Exhibit A-1 to this Appendix A.

Projected Operating Results and Debt Service Coverage

Estimated projected operating results (on a cash basis) for the District for the current and next four Fiscal Years are set forth below. Certain assumptions have been made by the District in the development of the projections. Many of these assumptions are reflected in the footnotes accompanying the projections. While the District believes its assumptions are reasonable, there can be no assurance that the assumed conditions will in fact occur. The District’s projections may be affected (favorably or unfavorably) by unforeseen future events and such effects could be material. Therefore, the results projected below cannot be assured.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Westlands Water District
Projected Operating Results and Debt Service Coverage (Fiscal Years)

	2021 ⁽¹⁾	2022	2023	2024	2025
Revenues:					
Irrigation Water Sales ⁽²⁾	\$ 147,481,200	\$ 163,718,800	\$ 169,477,763	\$ 175,409,464	\$ 181,519,064
Municipal & Industrial Water Sales ⁽³⁾	3,626,800	3,080,800	3,173,200	3,268,400	3,366,500
Interest Income ⁽⁴⁾	2,828,000	2,856,300	2,884,900	2,913,700	2,942,800
Assessments and Other Charges ⁽⁵⁾	28,110,400	26,215,700	26,687,000	27,175,900	27,448,200
Other Revenue ⁽⁶⁾	5,878,500	5,937,300	5,996,700	6,056,700	6,117,300
Contract Reimbursement ⁽⁷⁾	428,761	386,982	385,567	350,152	350,664
Total Revenues	<u>\$ 188,353,661</u>	<u>\$ 202,195,882</u>	<u>\$ 208,605,130</u>	<u>\$ 215,174,316</u>	<u>\$ 221,744,528</u>
Operation and Maintenance Costs:					
Purchased Water ⁽⁸⁾	\$ 120,041,141	\$ 130,931,541	\$ 135,706,864	\$ 140,625,464	\$ 145,691,564
Pumping ⁽⁸⁾	538,800	555,000	571,700	588,900	606,600
Transmission and Distribution ⁽⁸⁾	10,742,400	11,064,700	11,396,600	11,738,500	12,090,700
Administrative ⁽⁸⁾	22,011,600	22,231,700	22,454,000	22,678,500	22,905,300
DHCCP Activity Agreement ⁽⁹⁾	2,439,627	2,254,781	2,246,540	2,040,188	2,043,170
Total Operation and Maintenance Costs	<u>\$ 155,773,568</u>	<u>\$ 167,037,722</u>	<u>\$ 172,375,704</u>	<u>\$ 177,671,552</u>	<u>\$ 183,337,334</u>
Net Revenues	<u>\$ 32,580,093</u>	<u>\$ 35,158,160</u>	<u>\$ 36,229,426</u>	<u>\$ 37,502,764</u>	<u>\$ 38,407,194</u>
Transfers to (-)/from (+) Rate Stabilization Fund ⁽¹¹⁾	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers from Special Purpose Funds ⁽¹⁰⁾	-	-	-	-	-
Total	<u>\$ -</u>				
Senior Debt Service⁽¹¹⁾⁽¹²⁾					
Series 2007B Installment Payments	\$ 1,323,125	\$ 1,324,113	\$ 1,328,300	\$ 1,325,400	\$ 1,326,375
Series 2012A Bonds	3,939,000	3,942,000	3,941,250	3,943,250	3,942,500
Series 2016A Bonds	5,712,150	5,697,400	5,684,150	5,681,900	4,094,650
Series 2020A Installment Payments	1,417,081	6,376,866	6,376,866	6,376,866	6,376,866
Total Senior Debt Service	<u>\$ 12,391,356</u>	<u>\$ 17,340,378</u>	<u>\$ 17,330,566</u>	<u>\$ 17,327,416</u>	<u>\$ 15,740,391</u>
Senior Debt Service Coverage Ratio⁽¹³⁾	2.63	2.03	2.09	2.16	2.44
Net Revenues Remaining After Senior Debt Service	\$ 20,188,737	\$ 17,817,782	\$ 18,898,860	\$ 20,175,348	\$ 22,666,803
Subordinate Obligation Payments					
Series 2020B Installment Payments	6,918,215	5,295,863	5,295,767	5,295,075	5,295,638
Total Subordinate Obligation Payments	<u>\$ 6,918,215</u>	<u>\$ 5,295,863</u>	<u>\$ 5,295,767</u>	<u>\$ 5,295,075</u>	<u>\$ 5,295,638</u>
Subordinate Debt Service Coverage⁽¹⁴⁾	2.92	3.36	3.57	3.81	4.28
Remaining Balance	\$ 13,270,522	\$ 12,521,919	\$ 13,603,093	\$ 14,880,273	\$ 17,371,166

(1) Based on Fiscal Year 2020 results adjusted as described in the footnotes to this table.

(2) For Fiscal Years 2021 through 2025, based on projected water sales as set forth in the table entitled "Westlands Water District Projected Water Usage" under the caption "—Projected Water Usage," including an allocation of 15% of CVP Contract Water entitlements for Fiscal Year 2021 and a projected allocation of 55% of CVP Contract Water entitlements for Fiscal Years 2022 through 2025, and a projected 3% increase in the operation and maintenance component of the water rates per annum. See the caption "—District Water and Acreage Charges" as well as the caption "LITIGATION" for a discussion of judicial challenges to the Addendum, the 2019 biological opinions and Reclamation's acceptance of the 2019 biological opinions.

(3) Assumes that the operation and maintenance component of municipal and industrial water sales revenues will increase by an average of approximately 3% per annum as a result of increases in water rates to cover inflation in water purchase costs. There can be no assurance that the Board will adopt such rate increases as projected. Any such increases are subject to the notice, hearing and protest procedures of Proposition 218 described under the caption "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON APPROPRIATIONS AND FEES—Proposition 218."

(4) Investment earnings on certain District funds at assumed rate of 1% per annum.

(Footnotes Continued on Following Page)

- (5) Reflects acreage charges described under the caption “—District Water and Acreage Charges—Acreage Charges.” Amounts vary primarily as a result in variation of fixed obligations projected to be payable in such Fiscal Year.
- (6) Includes late charges, meter rentals, other equipment rentals, installation fees, and miscellaneous income.
- (7) Represents principal and interest repayments from other financing participants received through SLDMWA to reimburse the District for payments under the DHCCP Activity Agreement with respect to SLDMWA’s Series 2020A Bonds.
- (8) Reflects projected water sales as set forth in the table titled “Projected Water Usage” under the caption “—Projected Water Usage.”
- (9) Reflects gross payments under the DHCCP Activity Agreement, without regard to reimbursement to District from amounts received by SLDMWA from certain other financing participants.
- (10) No amounts projected to be transferred to or from the Rate Stabilization Fund or from a Special Purpose Fund to the Revenue Fund.
- (11) Reflects District payments of principal and interest during each Fiscal Year.
- (12) Excludes any Bonds or Contracts that may be issued or incurred by the District to finance certain activities in connection with the settlement of the drainage lawsuit or capital improvements of the District, as discussed under the caption “-Future Financings” below.
- (13) Equals Net Revenues divided by Total Senior Debt Service.
- (14) Equals Net Revenues Remaining After Senior Debt Service divided by Total Subordinate Obligation Payments.

Source: District.

Management Discussion of Projected Operating Results and Debt Service Coverage

The District’s Projected Operating Results for Fiscal Years 2021 through 2025 are based on historical results, expected future events and assume a 55% allocation for Fiscal Years 2022 and later years for CVP Contract Water entitlements. See the caption “Litigation” for a discussion of such judicial challenges. Water sales and purchased water costs are the District’s primary revenue sources and expenses. The District projects continuing to supplement its water supply from outside sources and the costs associated with the acquisition of supplemental water supplies are captured in water rates charged to water users. See the caption “—Projected Water Usage” for water supply projections for the current and next four Fiscal Years.

In general, projected Revenues and Operation and Maintenance Costs were estimated using a three percent (3%) increase per annum. Projected Revenues do not include proceeds from sales of land owned by the District which cannot be projected with certainty. Operations and Maintenance Costs associated with drainage management activities have not been included in the projected operating results pending Congressional approval of the drainage settlement. In the event the drainage settlement is approved by Congress, the District expects to include in the rates and charges it imposes, amounts sufficient to cover budgeted drainage management activities and any debt service payments associated with Bonds or Contracts issued or incurred in connection with the drainage settlement. See the caption “—Future Financings.”

Investment of District Funds

All funds held by the District are invested in accordance with the District’s Investment Policy. The primary objectives, in priority, are safety of principal, liquidity, and yield. The comprehensive Investment Policy was adopted by the District in March 2007 and is approved or revised as required by State law. The District holds approximately \$4.6 million in legally restricted reserve funds, and approximately \$13.2 million held in the Rate Stabilization Fund and approximately \$16.8 million held in the Special Purpose Fund, which the District invests in accordance with the Investment Policy. The use of amounts on deposit in the Rate Stabilization Fund and Special Purpose Funds are governed by the Installment Purchase Agreements and the Indentures.

All investments, including the Permitted Investments and those authorized by law from time to time for investments by public agencies, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of interest or principal.

The District’s Investment Policy may be changed at any time by the Board (subject to State law provisions relating to authorized investments) and as the California Government Code is amended. There can be no assurance, therefore, that the State law and/or the Investment Policy will not be amended in the future to allow for investments which are currently not permitted under State law or the Investment Policy or that the

objectives of the District with respect to investments or its investment holdings at any point in time will not change.

For additional information with respect to District Cash and Investments see Note B of EXHIBIT A-1 TO APPENDIX A—“WESTLANDS WATER DISTRICT FINANCIAL STATEMENTS” attached hereto.

Outstanding Obligations

Operation and Maintenance Obligations Payable Prior to District Bonds and Contracts. The District has no Operation and Maintenance Obligation payable from Revenues prior to Bonds and Contracts payable from Net Revenues other than the DHCCP Activity Agreement which secures the SLDMWA 2021B Bonds.

Obligations Payable From Net Revenues and Subordinate to the DHCCP Activity Agreement. The District has entered into an Installment Purchase Agreement, dated as of November 1, 2007 (the “Series 2007B Installment Purchase Agreement”), the payments under which (the “Series 2007B Installment Payments”) are payable from Net Revenues after payment of Operation and Maintenance Costs, including amounts payable to SLDMWA under the DHCCP Activity Agreement. The Series 2007B Installment Payments are applied to the payment of the Westlands Water District Revenue Certificates of Participation, Series 2007B (the “2007B Certificates”). The District purchased certain property located in the Delta commonly referred to as the Yolo Ranch from the proceeds of the 2007B Certificates. The 2007B Certificates are outstanding in the aggregate principal amount of \$15,660,000.

The District issued Westlands Water District Refunding Revenue Bonds, Series 2012A (the “Series 2012A Bonds”) pursuant to an Indenture of Trust, dated as of October 1, 2012 (the “2012 Indenture”), by and between the District and MUFG Union Bank, N.A., as successor to Union Bank, N.A., the payments of principal of and interest on which are payable from Net Revenues after payment of Operation and Maintenance Costs, including amounts payable to SLDMWA under the DHCCP Activity Agreement. The Series 2012A Bonds are outstanding in the aggregate principal amount of \$23,340,000. See the caption “District Water Supply – Lower Yolo Restoration Project.” The District expects to apply approximately \$23,000,000 in proceeds from the sale of certain District-owned land currently held in the District’s land and water acquisition fund to the defeasance of the outstanding Series 2012A Bonds during the first half of calendar year 2021. See the caption “Management of Land Purchased by the District.”

The District issued Westlands Water District Refunding Revenue Bonds, Series 2016A (the “Series 2016A Bonds”) pursuant to an Indenture of Trust, dated as of October 1, 2016 (the “2016 Indenture” and, together with the 2012 Indenture, the “Indentures”), by and between the District and MUFG Union Bank, N.A., the payments of principal of and interest on which are payable from Net Revenues after payment of Operation and Maintenance Costs, including amounts payable to SLDMWA under the DHCCP Activity Agreement. The Series 2016A Bonds are outstanding in the aggregate principal amount of \$41,065,000.

The District has entered into an Installment Purchase Agreement, dated as of April 1, 2020 (the “Series 2020A Installment Purchase Agreement” and, together with the Series 2007B Installment Purchase Agreement, the “Installment Purchase Agreements”), the payments under which (the “Series 2020A Installment Payments”) are payable from Net Revenues after payment of Operation and Maintenance Costs, including amounts payable to SLDMWA under the DHCCP Activity Agreement. The Series 2020A Installment Payments are applied to the payment of the Financing Authority 2020A Bonds. The District acquired a perpetual contractual right up to 1,150,000 acre-feet of CVP water, pursuant to the 9(d) Contract, and acquired perpetual contractual rights up to an aggregate 45,383 acre-feet of CVP water pursuant to the Converted Assignment Agreements and the Oro Loma 9(d) Contract, from a portion of the proceeds of the Financing Authority 2020A Bonds. The 2020A Financing Authority Bonds are outstanding in the aggregate principal amount of \$197,990,000.

The 2007B Installment Purchase Agreement, the 2012A Bonds, the 2016A Bonds and the 2020A Installment Purchase Agreement are collectively referred to herein as the “Parity Obligations”.

Obligations Payable From Net Revenues and Subordinate to the DHCCP Activity Agreement and Subordinate to the Parity Obligations.

The District has entered into an Installment Purchase Agreement, dated as of April 1, 2020 (the “Series 2020B Installment Purchase Agreement”), the payments under which (the “Series 2020B Installment Payments”) are payable from Net Revenues after payment of Operation and Maintenance Costs, including amounts payable to SLDMWA under the DHCCP Activity Agreement, and after payment of the parity Obligations. The Series 2020B Installment Payments are applied to the payment of the Financing Authority 2020B Bonds. The District acquired a perpetual contractual right up to 1,150,000 acre-feet of CVP water, pursuant to the 9(d) Contract, and acquired perpetual contractual rights up to an aggregate 45,383 acre-feet of CVP water pursuant to the Converted Assignment Agreements and the Oro Loma 9(d) Contract, from a portion of the proceeds of the Financing Authority 2020B Bonds. The 2020B Financing Authority Bonds are outstanding in the aggregate principal amount of \$27,375,000.

State and Federal Contractors Water Agency. The State and Federal Contractors Water Agency (“SFCWA”) was formed by various water agencies in August of 2009 as a joint powers authority according to California law. The water agencies that formed SFCWA receive water transported across the Sacramento-San Joaquin Delta by the SWP and CVP. SFCWA’s mission is to develop and support programs to produce robust science and habitat restoration projects that improve the Bay-Delta ecosystem, and assist its member agencies in assuring an adequate reliable and high-quality water supply. The core focus of activities in pursuing this mission is centered on facilitating habitat conservation measures and researching the restoration of Delta ecosystems while assuring sufficient and reliable export water supplies. The District, along with five other water agencies, was an initial party to the agreement. In 2018, a decision was made to wind down SFCWA activities, with the ultimate objective of terminating the entity and related agreements that formed the entity, which is anticipated to occur in 2021. At this time, SFCWA has received a status update on review of the pension and other post employment benefits liabilities and is evaluating whether it holds sufficient assets to cover existing and projected liabilities through the time of termination.

Future Financings

Drainage Settlement and Facilities. In connection with current drainage activities, including the settlement of the drainage lawsuit arising from the dispute with Reclamation and settlement of drainage claims brought by landowners against the United States in *Etchegoinberry v. United States*, discussed under the caption “—Drainage,” the District may determine to undertake the development of capital activities. If the drainage settlement is approved by Congress, the District may elect to enter into additional Contracts or to issue Bonds to finance certain components as described above. Upon Congressional approval of the drainage settlement, the District is required to satisfy the *Etchegoinberry* claim and obtain the additional necessary non-irrigation covenants required by the drainage settlement within one year. The District currently estimates that such activities will cost between \$160,000,000 and \$185,200,000. The District currently expects to issue Bonds or Contract payable from Net Revenues to finance such cost which Bonds or Contracts which would be payable by the District subordinate to amounts required to be paid by the District to SLDMWA under the DHCCP Activity Agreement, which secures the SLDMWA 2021B Bonds. See the caption “—Drainage” above.

In addition, as described under the caption “—Drainage,” the District may determine to undertake certain other capital improvements to implement a drainage management program. In the event that the District determines to undertake additional capital improvements, the District may issue Bonds and/or Contracts payable from Net Revenues to finance such capital improvements, which Bonds or Contracts would be payable by the District subordinate to amounts required to be paid by the District to SLDMWA under the DHCCP Activity Agreement, which secures the SLDMWA 2021B Bonds.

The projected operating results and debt service coverages set forth under the caption “—Projected Operating Results” do not reflect implementation of the proposed drainage settlement, including the issuance of the approximately \$160,000,000 to \$185,200,000 of Bonds or Contracts discussed above, as the proposed drainage settlement has not yet been approved by Congress. The projected operating results and debt service coverage set forth under the caption “—Projected Operating Results” do not reflect implementation of any other capital improvements for drainage management purposes since the timing of the issuance of such additional Bonds or Contracts, if any, is uncertain at this time.

Additional Program Elements. The current District water acquisition program (the “Program”) contemplates acquiring additional long-term Supplemental Water entitlements. If certain elements of the Program are implemented, the District would expect to enter into additional installment purchase agreements or to issue bonds to finance such components. Such obligations are expected to be payable from Net Revenues remaining after payment of Operation and Maintenance Costs, including amounts required to be paid by the District to SLDMWA under the DHCCP Activity Agreement, which secures the SLDMWA 2021B Bonds.

Litigation

General. Except as described below, there are no pending suits contesting or affecting the District’s compliance with the DHCCP Activity Agreement, the collection by the District of Revenues or which could have a material adverse effect on the District’s ability of the District to pay amounts due under the DHCCP Activity Agreement to SLDMWA and to be applied by SLDMWA to the payment of principal of and interest on SLDMWA’s 2020B Bonds.

Validation of Proceedings for 9(d) Contracts. In connection with the 9(d) Contract, the District filed an action (the “Validation Action”) in the Superior Court for the County of Fresno on October 25, 2019 requesting an order validating the proceedings on the part of the District for the authorization of the execution of the 9(d) Contract pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure of the State of California (the “Validation Statute”). In response to the published summons, four answers were filed by the following entities: (1) Central Delta Water Agency and South Delta Water Agency, (2) North Coast Rivers Alliance, Winnemem Wintu Tribe, California Sportfishing Protection Alliance, Institute for Fisheries Resources, Pacific Coast Federation of Fishermen’s Associations (“PCFFA”) and San Francisco Crab Boat Owners Association, (3) County of San Joaquin and County of Trinity, and (4) California Water Impact Network, AquAlliance, California Indian Water Commission, Planning and Conservation League, and Center for Biological Diversity. Each of the answers assert the District lacked the authority to enter into the 9(d) Contract.

On or about December 30, 2019, the District filed with the Superior Court for the County of Fresno a motion for validation judgment. The motion was fully briefed and on March 16, 2020, the Court denied the motion. The Court found: (1) the District’s motion was premature because, at the time the motion was filed, the District did not have the executed 9(d) Contract, and (2) the District did not provide sufficient information to support a finding by the Court that the District had complied with the Brown Act when the Board authorized execution of the 9(d) Contract. The Court also found that three of the four answers filed were untimely. In April 2020, representatives for the entities whose answers were found to be untimely filed notices of appeal. On or about May 12, 2020, those same parties filed with the Superior Court a joint motion for stay of proceedings, which seek to have the Superior Court stay all proceedings until the appellate court can hear their appeals. The District also filed a renewed motion for validation judgment that addresses the bases for the Court’s denial of the December 30, 2019 motion. The renewed motion was fully briefed and was pending before the Superior Court, when the Superior Court granted the joint motion for stay, filed by those entities whose answers were found to be untimely. The appeal by those same parties has been fully briefed and is pending before the appellate court. The Superior Court will not consider the issuance of a validation judgement until after the appellate court decides the pending appeals. Accordingly, the District cannot predict if or when a validation judgment might be received.

No monetary damages are sought by the entities that answered the complaint filed by the District; although they raise a number of affirmative defenses and may seek to recover their attorneys' fees and costs.

The Distribution Districts each filed a validation action in the Superior Court for the County of Fresno on or about March 18, 2020, pursuant to each of the Converted Assignment Contracts held by the Distribution Districts, and to validate the proceedings on the part of the Distribution Districts for the authorization of the execution of those Converted Assignment Contracts. The Superior Court has issued orders to the Distribution Districts which provide instructions on the notice requirements for the summons for each case and informing the public of its opportunity to answer the complaints. The Distribution Districts are providing the notices, as required by those orders. As of the date of this Official Statement, North Coast Rivers Alliance, Winnemem Wintu Tribe, California Sportfishing Protection Alliance, Institute for Fisheries Resources, PCFFA, and San Francisco Crab Boat Owners Association filed answers in each case. Each of the answers asserts the Distribution Districts lacked the authority to enter into the Converted Assignment Contracts. No monetary damages are sought by the entities that answered the complaint; although the answers to the complaint raise a number of affirmative defenses and such entities may seek to recover their attorneys' fees and costs.

The District also filed a validation action in the Superior Court for the County of Fresno on or about November 13, 2020, pursuant to Article 41 of the Oro Loma 9(d) Contract (one of the Converted Assignment Contracts, which is held by the District), and to validate the proceedings on the part of the District for the authorization of the execution of the Oro Loma 9(d) Contract. The Superior Court issued an order to the District that instructed the District on the notice requirements for the summons for the case and inform the public on its opportunity to answer the complaint. As of the date of this Official Statement, no answers have been filed.

The District does not anticipate a ruling adverse to the District or the Distribution Districts with respect to and of the validation actions described in the preceding paragraphs would have a material adverse effect on the District's ability to pay amounts due under the DHCCP Activity Agreement to SLDMWA and to be applied by SLDMWA to the payment of principal of and interest on SLDMWA's 2020B Bonds. If the Court does not issue an order validating the proceedings on the part of the District or Distribution Districts for the authorization of the execution of the 9(d) Contract or any of the Converted Assignment Contracts, the District anticipates the District and/or Distribution Districts' water deliveries from the CVP would continue under either revised repayment contracts or interim renewal or long-term renewal contracts, with the interim or long-term renewal contract being renewable under existing federal reclamation law for at least the duration of the repayment period for the SLDMWA 2021B Bonds.

In a letter to the District dated May 28, 2020 (the "Reclamation Letter"), the District was informed by Reclamation that it is the understanding of Reclamation that the District's inability to obtain a validation judgment does not render the District's 9(d) Contract void. In addition, Reclamation confirmed its understanding that the District's 9(d) Contract will govern the rights and obligations of the United States and the District after the 9(d) Contract's effective date, June 1, 2020, notwithstanding the District's inability to obtain a final decree confirming its proceedings to authorize the execution of the 9(d) Contract.

Center for Biological Diversity, et al. v. United States Bureau of Reclamation, et al. On May 20, 2020, the Center for Biological Diversity, Restore the Delta, and the Planning and Conservation League filed a complaint against Reclamation, David Bernhardt, in his official capacity as Secretary of the Interior, and the United States Department of the Interior ("Federal Defendants") for declaratory and injunctive relief. Through their complaint, the Center for Biological Diversity et al. seek an order and judgment setting aside and rescinding 14 repayment contracts, including the District's contract (Contract No. 14-06-200-495A-IRI-P) and the Converted Assignment Contracts and the Mercy Springs 9(d) Contract of the Distribution Districts discussed above under the captions "—District Water Supply—CVP Contract," "—9(d) Contract" and "—Conversion of Assignment Contracts." The Center for Biological Diversity et al. claim Reclamation by executing the 14 repayment contracts, violated NEPA, the Administrative Procedures Act, and the Endangered Species Act. The Center for Biological Diversity et al. also seek an order and judgment restraining

Reclamation from entering into any other repayment contracts. In August 2020, the Federal Defendants moved for an order from the Court requiring plaintiffs to join water contractors whose contracts they seek to affect or dismiss the case. Center for Biological Diversity et al. opposes this motion, arguing that they should not be required to join all affected water contractors, but also stating they would not oppose the intervention of water contractors if representation of the contractors was consolidated. The motion remains pending and if denied the District may seek to intervene in the litigation.

North Coast Rivers Alliance, et al., v. US Department of Interior; Westlands, Intervenors. In March of 2016, North Coast Rivers Alliance, California Sportfishing Protection Alliance, PCFFA, San Francisco Crab Boat Owners Association, Inc., and Institute for Fisheries Resources filed a lawsuit captioned North Coast Rivers Alliance, et al., v. US Department of Interior (“Federal Defendants”) in the District Court seeking an order overturning Reclamation’s 2016 Environmental Assessment and Finding of No Significant Impact for the District’s (and others) interim renewal contracts. Although the interim renewal contracts that were the subject of the 2016 Environmental Assessment were since renewed, the Court retained jurisdiction because the short duration and serial nature of interim water service contracts placed plaintiffs’ claims within the mootness exception for disputes capable of repetition yet evading review. Cross-motions for summary judgment on the merits of certain aspects of the remaining claims in the case were pending before the Court. The Court subsequently recognized that its finding that the claims were capable of repetition, yet evading review, may have been affected by efforts to convert water service contracts to 9(d) contracts, pursuant to the WIIN Act. Pursuant to Court order, Reclamation had been updating the Court on the efforts to convert the District and Distribution Districts’ interim renewal contracts. The Court was informed that Reclamation and the District executed the 9(d) Contract. On March 30, 2020, the Court issued an order requiring Reclamation to continue providing updates periodically as well as if the District’s and Distribution District’s current trajectory of WIIN Act conversions materially changes. The Court also (1) directed the Clerk of Court to administratively terminate the pending cross-motions for summary judgment and (2) informed the parties that it would notify the parties if and when it determines that it is appropriate to rule on those motions or whether it will require further briefing from the parties addressing the issue of mootness. Reclamation has provided the Court with an update, explaining that the Converted Assignment Contracts have been executed.

Following the District’s and Distribution Districts’ execution of certain WIIN Act repayment contracts with Reclamation, Plaintiffs amended their complaint to add challenges to Reclamation’s authority to enter repayment contracts under NEPA, federal validation statutes, and other federal laws. Plaintiff’s amended complaint seeks a judgment from the Court that Reclamation’s approval of repayment contracts that have already been executed be “set aside” and Reclamation be enjoined from executing additional repayment contracts until an environmental impact study is completed. On October 7, 2020, the District, San Luis Water District and Panoche Water District jointly moved to dismiss the remaining challenges to the interim contracts as moot because those contracts are no longer operative, and to require Plaintiffs to either join other water contractors whose repayment contracts they seek to affect or dismiss these claims. Federal Defendants moved to dismiss the interim contract claims as moot. Pursuant to a minute order issued by the Court, the Federal Defendant’s motion will be determined by the filings made by the parties, and hearing will not be held on the motion unless the Court determines that one is necessary.

Hoopa Valley Tribe v. Reclamation, et al. This action by the Hoopa Valley Tribe was filed in August 2020 against Reclamation and Interior also challenging the WIIN Act repayment contracts of the District, Distribution Districts, and other water contractors under CVPIA and NEPA. Though the claims are similar to those in the North Coast River Alliance and Center for Biological Diversity cases, which were filed in the federal Eastern District of California (Fresno), this case was filed in the Northern District of California. On October 7, 2020, Reclamation and Interior moved to transfer the case to the Eastern District. In their motion, Reclamation and Interior also asserted that WIIN Act water contractors are “necessary parties” that should be joined to the case and stated their intent to move to consolidate this case with the two other WIIN Act cases in front of the same judge (Judge Dale Drozd) once the case is transferred. On October 26th, Reclamation and Interior moved to dismiss only the Hoopa Valley Tribe’s CVPIA claim. The motion to dismiss also seeks to compel joinder of required parties, including the District. A virtual hearing on the motion to transfer and the

motion to dismiss was held on December 10, 2020. On December 21, 2020, the Court issued an order granting the motion to transfer the case from the Northern District of California to the Eastern District of California. The Court indicated that the District's motion to intervene, as well as the motion by Reclamation and Interior, will need to be re-noticed after transfer. The case has since been assigned to Judge Dale Drozd.

In each of the cases discussed above (Center for Biological Diversity et al., North Coast Rivers Alliance et al., and Hoopa Valley Tribe), no monetary damages are sought, although Plaintiffs seek recovery of costs, including attorney fees, from Federal Defendants. Even if the Court decides the merits of plaintiffs' claims, the District does not currently expect that these lawsuits will have a material adverse effect on the ability to pay amounts due under the DHCCP Activity Agreements to SLDMWA and to be applied by SLDMWA to the payment of principal of and interest on SLDMWA's 2020B Bonds.

As stated above, if the Court were to order that the District's 9(d) Contract or the Converted Assignment Contracts shall be set aside, the District anticipates water deliveries to the District and the Distribution Districts from the CVP would continue under either a revised repayment contracts or interim renewal or long-term renewal contracts, with the interim or long-term renewal contract being renewable under existing federal reclamation law for at least the duration of the repayment period for SLDMWA's 2020B Bonds.

Firebaugh Canal Water District, et al. v. United States, et al. In 1988, Firebaugh Canal Water District and Central California Irrigation District filed a lawsuit captioned *Firebaugh Canal Water District, et al. v. United States, et al.* against the United States. The lawsuit alleged damages to lands within the plaintiff's respective jurisdictions due to subsurface agriculture drainage water. A settlement agreement was executed between the parties and approved by the court. In February 2003, the plaintiffs vitiated the settlement agreement and filed an amended complaint seeking termination of the District's CVP water supply. Final judgment was entered in 2012, with adverse judgment rendered against the plaintiffs as to their various claims. Plaintiffs appealed that decision, which was upheld by the Ninth Circuit Court of Appeals. The United States developed a plan to address drainage in the region and began implementing that plan, but implementation was delayed. The District and other CVP contractors pursued resolution of drainage issues with the United States. In 2015, a settlement between the District and the United States was reached. The settlement requires congressional approval, which approval is currently pending. See the caption "—Drainage" for a discussion of the drainage settlement. The parties to this litigation have continued to work on the issues that have prevented implementation of the settlement.

No monetary damages are sought, although Plaintiffs seek recovery of costs from Federal Defendants. Even if the Court decides the merits of plaintiffs' claims, the District does not currently expect that this lawsuit will have a material adverse effect on the ability to pay amounts due under the DHCCP Activity Agreement to SLDMWA and to be applied by SLDMWA to the payment of principal of and interest on SLDMWA's 2020B Bonds.

Pacific Coast Federation of Fishermen's Associations et al. v. Ross, et al./California Natural Resources Agency et al. v. Ross, et al. On or about December 2, 2019, PCFFA and several other Non-Governmental Organizations filed suit challenging biological opinions that analyzed coordinated operations of the CVP and SWP, issued by the FWS and NMFS. PCFFA et al. subsequently filed an amended complaint which added a challenge to Reclamation's issuance of a Record of Decision for the coordinated operations and reliance on the biological opinions. On February 20, 2020, the Attorney General of California, California Natural Resources Agency and California Environmental Protection Agency (collectively, the "State Agencies") filed a similar complaint, which also challenges the biological opinions, Reclamation's record of decision and its reliance on the biological opinions and claims violations of the California Endangered Species Act. Both PCFFA et al. and the State Agencies asked the Court for declaratory and injunctive relief and preliminary and permanent injunctions. The District was granted leave to intervene in the PCFFA et al. and State Agencies cases.

On March 3, 2020, PCFFA et al. filed a motion for a temporary restraining order and preliminary injunction to enjoin CVP operations until the Court resolves the merits of PCFFA et al.'s claims. On April 21, 2020, the State Agencies also filed a motion for a temporary restraining order and preliminary injunction to enjoin CVP operations until May 31, 2020. The motions were argued on May 7, 2020.

On May 11, 2020, the Court issued two orders, one in the State Agencies case and one in the PCFFA et al. case. The order in the State Agencies case granted their request for a preliminary injunction, and the order in the PCFFA et al. case granted in part and denied in part as moot for preliminary injunction and holding certain issues in abeyance. The Court indicated, for those aspects of PCFFA's motion held in abeyance, it intended to issue a separate order "in the near future" and, on June 24, 2020, the Court issued an order denying the motion based on those issued previously held in abeyance.

The effect of the two orders is that Reclamation operated the C.W. "Bill" Jones Pumping Plant at minimum levels from May 12, 2020 through May 31, 2020. As of May 12, 2020, the District projected that, as a result of the Jones Pumping Plant operating at minimum levels, approximately 52,000 acre-feet less CVP water would be pumped in May 2020 than the amount that the District had planned for prior to the issuance of the preliminary injunction by the Court. As noted under the caption "—Projected Water Usage" above, as of May 12, 2020, the District, however, did not project that the reduction in CVP water would result in a reduction in the then existing 15% allocation to the District of CVP Contract Water entitlements. On May 19, 2020, Reclamation increased the allocation to the District and other agricultural water service contractors to 20%.

On or about September 23, 2020, the federal defendants lodged the records supporting the challenged federal agency decisions. On or about December 18, 2020, the State Agencies and PCFFA et al. filed motions to complete the administrative records or, in the alternative, supplement the administrative records. Briefing on those motions continues. The District anticipates that the Court will not resolve the motions until March 2021, and that the Court will schedule dates for briefing on the merits thereafter.

The District is not able to determine if an adverse ruling in these actions will have material adverse effects on the ability to pay amounts due under the DHCCP Activity Agreement to SLDMWA and to be applied by SLDMWA to the payment of principal of and interest on SLDMWA's 2020B Bonds.

North Coast Rivers Alliance et al. v. Department of Water Resources et al. On January 16, 2019, North Coast Rivers Alliance, Institute for Fisheries Resources, PCFFA, San Francisco Crab Boat Owners Association, and Winnemem Wintu Tribe ("Petitioners") filed a "Verified Petition for Writ of Mandate and Complaint for Declaratory and Injunctive Relief and for Attorneys' Fees" ("Petition") in Sacramento Superior Court challenging in part approval of the Addendum to the Agreement Between the United States of America and the Department of Water Resources of the State of California for Coordinated Operation of the Central Valley Project and the State Water Project ("COA Addendum"). The Petition alleges in part that, by entering in the COA Addendum, DWR violated CEQA, the Delta Reform Act, and the Public Trust Doctrine. The North Delta Water Agency ("NDWA") was granted leave to intervene in the action, and it filed a Complaint in Intervention alleging that the COA Addendum allows reductions in water quality and/or supply that can cause harm to crops in NDWA's service area. The Addendum amends four elements of the 1986 Agreement to reflect the evolved manner in which the CVP and SWP have coordinated operations since the 1986 Agreement was signed. The administrative record for the action is being prepared. The Court has not yet scheduled any dates for briefing, hearing or ruling on the merits. The District is not able to determine if an adverse ruling in this action will have material adverse effects on the ability to pay amounts due under the DHCCP Activity Agreement to SLDMWA and to be applied by SLDMWA to the payment of principal of and interest on SLDMWA's 2020B Bonds.

Public Resources Code Section 5093.542. Three cases were filed against the District challenging the District's efforts to analyze the environmental effects that might result if the District decides to provide

funding for a project the United States Bureau of Reclamation is considering – the Shasta Dam and Reservoir Enlargement Project. The cases are:

- *People of the State of California v. Westlands Water District*, Shasta Superior Court, Case No. 192487 (Public Resources Code Section 5093.542);
- *Friends of the River et al. v. Westlands Water District*, Shasta Superior Court, Case No. 192490 (Public Resources Code Section 5093.542); and
- *North Coast Rivers Alliance et al. v. Westlands Water District*, Shasta Superior Court, Case No. 192958 (Public Resources Code Section 5093.542).

The District terminated its preparation of an environmental impact report, and the Court entered stipulated judgments in each of the cases which resulted in the cases being dismissed, without prejudice. The Court, however, retained jurisdiction to enforce the judgment and, to decide, whether and in what amount any party may recover attorneys' fees and costs. In all three cases, the District paid plaintiffs costs for litigation. In addition, in all three cases, plaintiffs filed motions for recovery of attorneys' fees. Those claims created potential liability for the District in excess of \$1,000,000. The District disputed those claims.

In *North Coast Rivers Alliance et al. v. Westlands Water District*, the Court denied motion by the North Coast Rivers Alliance et al. North Coast River Alliance et al. has appealed that decision and the parties are currently in the process of briefing the merits of the appeal. In *Friends of the River et al. v. Westlands Water District*, the Court granted Friends of the River et al.'s motion for recovery of fees but required additional briefing before it would set the award. In that case, the District reached a settlement with Friends of the River et al., which provided for the District to pay Friends of the River et al. \$190,000. The District satisfied that obligation and the case was closed. And, in the *People of the State of California v. Westlands Water District*, the Attorney General of California was awarded \$32,912.50, which were its fees for opposing a motion to change venue filed by the District. The District appealed the award. That appeal, however, has been settled. The District agreed to pay the Attorney General the fee award, plus interest, provided that the Court order was reversed or vacated. The appeal court remanded the matter to the trial court with direction to vacate its order, which the trial court did. The District satisfied that obligation, paying the Attorney General \$34,389.51, and the case was closed.

The District does not believe resolution of the appeal in *North Coast Rivers Alliance et al. v. Westlands Water District*, even if in plaintiffs' favor, would adversely affect the ability to pay amounts due under the DHCCP Activity Agreement to SLDMWA and to be applied by SLDMWA to the payment of principal of and interest on SLDMWA's 2020B Bonds.

Westlands Water District v. State Water Resources Control Board. On January 10, 2019, the District filed a petition and complaint challenging specific amendments approved by the SWRCB to the Water Quality Control Plan for the San Francisco Bay/Sacramento–San Joaquin Delta Estuary. The specific amendments established a Lower San Joaquin River flow objectives and revised the southern Delta salinity objectives. The District asserts the SWRCB exceeded its authority by requiring flow as a water quality objective; that the program of implementation unlawfully assigns responsibility for meeting the objectives without a water rights hearing; that the SWRCB failed to adequately balance among competing beneficial uses; that the flow objective will cause a waste and unreasonable use of water; and the SWRCB violated CEQA by failing to adequately analyze the impact of lost surface water supply. The administrative record for the action is being prepared. The effect on the ability to pay amounts due under the DHCCP Activity Agreement to SLDMWA and to be applied by SLDMWA to the payment of principal of and interest on SLDMWA's 2020B Bonds resulting from the ultimate outcome of these actions cannot presently be determined.

Mound Farms v. California Department of General Services et al. The District owns land in Yolo County, California, which is commonly known as the Yolo Ranch. Water for the Yolo Ranch and an adjacent

area, owned by Mound Farms, is supplied by a mutual water company, Sweetwater Company. On part of the Yolo Ranch, the District approved and completed construction of a project to restore habitat for the benefit of at risk fish species (“Lower Yolo Restoration Project”). Following completion of the habitat restoration, the District expects to sell to DWR habitat acreage credits resulting from the habitat restoration and to convey to DWR ownership of the land on which the habitat was restored. On December 27, 2019, Mound Farms filed a Verified Petition for Writ of Mandate (“Petition”) in Yolo County Superior Court against the California Department of General Services (“DGS”), DWR, and the District. The petition challenged approval of the agreement between DWR and the District for the purchase of the habitat credits derived through implementation of the Lower Yolo Restoration Project. The petition alleged that approval of the agreement violated CEQA. On or about December 30, 2020, the parties to the litigation filed with the Court a stipulation and proposed order dismissing the action, with prejudice, pursuant to an agreement among Mound Farms, the District, and the Sweetwater Company. On or about December 30, 2020, the District paid to Mound Farms \$150,000, and under the agreement, an additional payment of \$175,000 by the District to Mound Farms is due upon the District declaring the Lower Yolo Restoration Project complete or December 31, 2021, whichever is earlier.

Delta Plan Consistency Determination for the Lower Yolo Restoration Project and the Solano County Water Agency Appeal. The Delta Stewardship Council (the “Council”) prepared the Delta Plan. As an action covered by the Delta Plan, the District was required to certify that the Lower Yolo Restoration Project was consistent with the Delta Plan. On April 7, 2020, the District provided the required certification. On May 8, 2020, Solano County Water Agency (“SCWA”) filed with the Council an appeal of the District’s certification. The District and SCWA entered into a Settlement Agreement (the “Settlement Agreement”) that was effective as of June 12, 2020, pursuant to which SCWA agreed to withdraw its appeal of the District’s certification with respect to the Lower Yolo Restoration Project. Under terms of the Settlement Agreement, if SCWA cannot obtain full funding for a regional hydrodynamic study of Cache Slough area from DWR, the District will contribute up to \$200,000 toward such study at the time SCWA is ready to proceed with such study. The District does not believe its potential obligation under the Settlement Agreement will adversely affect the District’s ability to pay amounts due under the DHCCP Activity Agreement to SLDMWA and to be applied by SLDMWA to the payment of principal of and interest on SLDMWA’s 2020B Bonds.

James Irrigation District v. Westlands Water District. In February 2020, James Irrigation District (“James”) filed a Petition for Writ of Mandate and Complaint for Declaratory and Injunctive Relief (“Petition”) in Fresno County Superior Court against the District. The matter has been transferred to Kern County. The petition alleges that the District violated CEQA when it certified the EIR for, and approved, the Mendota Pool Group 20-Year Exchange Program. Mendota Pool Group 20-Year Exchange Program provides that, during a 20 year period, up to 26,316 acre-feet per year of groundwater of suitable quality may be pumped by the interests of the Mendota Pool Group and made available to Reclamation to satisfy existing CVP water contract obligations at the Mendota Pool, and an equitable quantity of exchange water would then be conveyed by Reclamation from the CVP to farms owned/operated by Mendota Pool Group interests in the District. Through its petition, James seeks a writ of mandate ordering the agencies to set aside approval of the project and suspend any project activities pending further CEQA review. The petition also includes a prayer for temporary and permanent injunctive relief and seeks to recover James’ costs and attorneys’ fees. James has begun the preparation of the administrative record. The District does not believe resolution of this action, even if in plaintiff’s favor, would adversely affect the District’s ability to pay to SLDMWA amounts required by the DHCCP Activity Agreement, which secures the SLDMWA 2021B Bonds.

AquAlliance et al. v. United States Bureau of Reclamation. On May 11, 2020, AquAlliance, California Sportfishing Protection Alliance, California Water Impact Network, Central Delta Water Agency, and South Delta Water Agency filed with the United States District Court a complaint for declaratory and injunctive relief and petition for writ of mandate, challenging what is commonly referred to as the “Long-Term Water Transfers” program. The Long-Term Water Transfers program provides environmental coverage during the period 2020 through 2024 for a range of potential water transfers from water contractors north of the Sacramento-San Joaquin Delta to CVP water contractors south of the Sacramento-San Joaquin Delta, including

the District. AquAlliance et al. allege, when approving that program: (1) Reclamation violated NEPA, (2) SLDMWA violated the CEQA, and (3) SLDMWA abridged and abrogated its public trust duties. On June 5, 2020, plaintiffs in this action filed an amended complaint and petition, which added a claim against the FWS alleging that the FWS issued a biological opinion for the program and, by its actions, was arbitrary, capricious, and failed to proceed as required by law, including the federal Endangered Species Act. On or about January 4, 2021, AquAlliance et al. and the federal defendants filed a stipulation, and on January 6, 2021, the Court issued an order that authorizes AquAlliance et al. to file a second amended complaint. The District anticipates that, through the second amended complaint, AquAlliance et al. will allege that Reclamation violated the federal Endangered Species Act by accepting the biological opinion issued by the FWS and implementing the program. The District is not a party to the litigation. The District does not anticipate that a ruling adverse to Reclamation, FWS, or SLDMWA would have a material adverse effect on the District's acquisition of supplemental water or on its ability to pay to SLDMWA amounts required by the DHCCP Activity Agreement, which secures the SLDMWA 2021B Bonds.

Pacific Gas and Electric Company, Wholesale Distribution Tariff, FERC Docket Nos. ER20-2878-000 et seq. On September 15, 2020, pursuant to Section 205 of the Federal Power Act and Section 35.13 of the Regulations of the FERC, PG&E submitted for filing proposed rate changes and revisions to certain non-rate terms and conditions of PG&E's Wholesale Distribution Tariff ("WDT"). PG&E also submitted for filing related proposed rate changes to the existing Service Agreements for Wholesale Distribution Service ("WDT Service Agreements") of eight customers: the City and County of San Francisco, the Port of Oakland, the PWRPA, the Shelter Cove Resort Improvement District No. 1, the Westside Power Authority and WAPA. The proposed changes, if accepted by FERC, will impact the rates the District pays to the PWRPA and WAPA (through the United States Bureau of Reclamation) for distribution of power generated by the CVP as well as power acquired by PWRPA under long-term and annual supplemental purchase arrangements. The District is still assessing the extent of impact, but the proposed changes could result in an increase in WDT charges of over 500% on average compared to current charges.

The District intervened in the FERC proceedings in which the proposed changes will be considered. The District asserts: (1) PG&E has not showed that the proposed changes are just and reasonable, and (2) the proposed changes may be unjust, unreasonable, and/or unduly discriminatory. The District requested FERC set the matter for evidentiary hearing but suspend the hearing to allow for settlement discussions. Subsequently, the District filed a supplemental protest alleging that the proposed changes also create a price squeeze that will harm PWRPA and its customers, including the District.

As a result of the proceedings, PG&E's WDT rates and rate methodologies may change, albeit possibly in a different manner than as proposed by PG&E, and those changes are likely to increase the amount the District pays to the PWRPA and WAPA (through the United States Bureau of Reclamation) by more than \$50,000, annually. As is not uncommon in the case of a contested rate filing, FERC ordered the rates and rate methodologies, as proposed by PG&E, to become effective on April 15, 2021, subject to adjustments and, if appropriate, refund based terms established through settlement or order by FERC that resolves the proceedings. The initial settlement discussion was held on December 16, 2020, at which time the FERC Administrative Law Judge presiding over the discussion established a settlement schedule, including dates for data requests and responses, a technical conference (February 9, 2021), an intervenor settlement offer (March 17, 2021), and the next settlement conference (March 23, 2021).

Other. There exist lawsuits and claims against the District which are incidental to the ordinary course of business of the operation of the District. In the view of the District's General Counsel, no such incidental litigation present or pending, will individually or in the aggregate materially impair the District's ability to pay amounts required by the DHCCP Activity Agreement, which secure the SLDMWA 2021B Bonds.

CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES

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

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

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

The District is of the opinion that the rates imposed by the District do not exceed the costs that the District reasonably bears in providing water service. The District has covenanted in the DHCCP Activity Agreement that, to the fullest extent permitted by law, it will prescribe rates and charges sufficient to provide payments to the Authority under the DHCCP Activity Agreement in each year which secures the SLDMWA 2021B Bonds.

Proposition 218. An initiative measure entitled the “Right to Vote on Taxes Act” (the “Initiative”) was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added Article XIII C and Article XIII D 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 XIII D 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 XIII D 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 XIII D 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 XIII D, the local government’s ability to increase such fee or charge may be limited by a majority protest.

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

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

Commencing with fiscal year 2007-08, the District has complied with the notice, hearing and protest procedures in Article XIID with respect to water rate increases based on the Supreme Court decision in the *Bighorn Case*. The District has complied with the notice and public hearing requirements of Article XIID with respect to land-based charges since the approval of Article XIID.

Article XIIC 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 XIIC does not define the terms “local tax,” “assessment,” “fee” or “charge,” so it was unclear whether the definitions set forth in Article XIID referred to above are applicable to Article XIIC. Moreover, the provisions of Article XIIC are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996. On July 24, 2006, the State Supreme Court held in the *Bighorn Case* that the provisions of Article XIIC included rates and fees charged for domestic water use. In the decision, the Court noted that the decision did not address whether an initiative to reduce fees and charges could override statutory rate setting obligations. The District does not believe that Article XIIC grants to the voters within the District the power to repeal or reduce the water charges in a manner which would be inconsistent with the contractual obligations of the District. However, there can be no assurance of the availability of particular remedies adequate to protect the beneficial owners of the SLDMWA2020b Bonds. Remedies available to beneficial owners of the SLDMWA 2021B Bonds in the event of a default by the District are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time-consuming to obtain.

In addition to the specific limitations on remedies contained in the applicable documents themselves, the rights and obligations with respect to the SLDMWA 2021B Bonds and the Indenture are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors’ rights, to the application of equitable principles if equitable remedies are sought, and to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State. The various opinions of counsel to be delivered with respect to such documents, including the opinion of Bond Counsel to SLDMWA (the form of which is attached as Appendix C), will be similarly qualified.

The District 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.

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

Future Initiatives. Articles XIII B, XIII C and XIII D were adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiatives could be proposed and adopted affecting the District’s revenues or ability to increase revenues.

SEC Settlement

On March 9, 2016, the District and the U.S. Securities and Exchange Commission (“SEC”) issued an Order Instituting Cease-And-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1993, Making Findings, and Imposing a Cease-And-Desist Order (the “SEC Order”). In connection with the SEC Order, the District, the General Manager and the former Assistant General Manager all entered into settlements in which they neither admitted nor denied the SEC Order’s findings but paid penalties of \$125,000, \$50,000 and \$20,000, respectively. A copy of the SEC Order is attached hereto as EXHIBIT A-2 TO APPENDIX A.

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 SLDMWA 2021B 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 SLDMWA 2021B 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 SLDMWA 2021B Bonds.

Regulatory Constraints on CVP Operations

There can be no assurance that CVP Contract Water allocated by Reclamation will be maintained at levels described in this Official Statement under the caption “—Historic Water Usage.” As discussed under the caption “—Water Supply,” the allocation of CVP water by Reclamation to the District will vary materially from year-to-year for a variety of reasons. Based on the Addendum to COA and the October 2019 biological opinions, which replaced biological opinions issued in 2008 and 2009 by the FWS and NMFS, respectively, the District is currently projecting that CVP water allocation will average between 50% and 60% of the contract amount.

Two separate actions challenging the 2019 biological opinions, Reclamation's issuance of the record of decision for coordinated operations of the CVP and its reliance on the 2019 biological opinions have been brought against Reclamation. There is also a separate action challenging the Addendum to COA. See "LITIGATION" for a discussion of the litigation relating to the October 2019 biological opinions and the Addendum to COA. If the challenges are successful, contract water deliveries could be less than current District projections and could result in less CVP water being allocated to the District by Reclamation.

Certain Factors Affecting Agricultural Areas

The District's revenues are generated primarily from two sources: water charges collected from water users within the District and land based acreage charges and assessments on the owners of the land within the District. Depending on the availability of water, a significant majority of the land within the District is under commercial agricultural cultivation. A number of factors, including but not limited to weather conditions, crop prices, disease and crop predation, federal and State agricultural and environmental policies, federal reclamation law policies, national and international trade policies, soil quality, drainage or other soil conditions, operational conditions as well as general economic conditions may adversely affect the ability of water users to pay water rates or landowners to pay acreage charges or assessments. If one or a combination of these factors adversely impacts the ability of the landowners or water users to make such payments, the District expects that collection of water charges, acreage charges or assessments in the District could decline. The District does not believe that such decline would adversely affect the ability of the District to pay amounts payable by the District to SLDMWA under the DHCCP Activity Agreement which secures the SLDMWA 2021B Bonds unless such factors continued for a substantial period of time.

Rate Covenant Not a Guarantee

The SLDMWA 2021B Bonds are payable from amounts payable by the District to SLDMWA under the DHCCP Activity Agreement. See "SECURITY FOR THE BONDS" in the Official Statement. The payment by the District of amounts under the DHCCP Activity Agreement depends on the District's ability to generate Revenues at the levels required by the DHCCP Activity Agreement. Although the District has covenanted in the DHCCP Activity Agreement to use its best efforts to impose rates and charges as more particularly described under the caption "DHCCP ACTIVITY AGREEMENT WITH FINANCING PARTICIPANTS" under "SECURITY FOR THE BONDS" in the Official Statement, and expects that sufficient Revenues will be generated through the imposition and collection of such rates and charges, and other Revenues described herein, there is no assurance that the imposition and collection of such rates and charges, and other Revenues will result in the amounts required by the DHCCP Activity Agreement. No assurance can be made that revenues of the Water System, estimated or otherwise, will be realized by the District in amounts sufficient to pay to SLDMWA amounts due under the DHCCP Activity Agreement. Among other matters, the availability of and demand for water, and changes in law and government regulations could adversely affect the amount of revenues realized by the District. In addition, the District's ability to generate Revenues sufficient to pay amounts required by the DHCCP Activity Agreement may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or persons obligated to pay assessments, fees and charges. See "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES." A period of drought could reduce the amount of water used by farmers in the District service area, which thereby could reduce Revenues of the Water System. See "—District Water Supply" herein.

Validation of the 9(d) Contract

Due to COVID-19 pandemic, the proclamations of emergency by Governor Newsom, and the resulting closure of the court in which the District validation action is pending, the District was not be able to obtain a validation judgment prior to the District's 9(d) Contract's effective date, which is June 1, 2020. In addition, certain parties that responded to the District's initial motion for validation judgment have appealed a determination by the Superior Court of the County of Fresno that the parties' answers were not timely filed.

The Superior Court will not consider the issuance of a validation judgment until the matters before the appellate court have been resolved. The District believes, based on prior court decisions and a letter from Reclamation to the District dated May 28, 2020, that the District's inability to obtain a validation judgment at this point in time does not render the District's 9(d) Contract void. Reclamation confirmed in such letter its understanding that the District's 9(d) Contract will govern the rights and obligations of the United States and the District. For a discussion of the validation proceedings and the letter from Reclamation, see the caption "Litigation—*Validation of Proceedings for 9(d) Contracts*" herein.

Water Service Demand

There can be no assurance that the local demand for water service provided by the Water System will be maintained at levels described under the heading "—Projected Water Usage." Demand for water services could be reduced as a result of hydrological conditions, conservation efforts (including in response to a drought), an economic downturn and other factors. Reduction in the level of demand could require an increase in rates or charges in order to produce Revenues sufficient to comply with the District's rate covenant in the DHCCP Activity Agreement. Such rate increases could increase the likelihood of nonpayment, and could also further decrease demand. Furthermore, there can be no assurance that any other entity with regulatory authority over the CVP or the Water System will not adopt further restrictions on operation of the CVP or the Water System.

Water System Expenses

There can be no assurance that Operation and Maintenance Costs of the Water System will be consistent with the levels described in this Official Statement. Changes in technology, increases in the cost of water or other expenses would reduce Revenues, and could require substantial increases in rates or charges in order to comply with the rate covenant in the DHCCP Activity Agreement. Such rate increases could increase the likelihood of nonpayment, and could also decrease demand.

The Cost of Service rate paid by the District for CVP water no longer includes a capital component for CVP construction costs allocated to the District prior to execution of the 9(d) Contract. Construction costs for CVP facilities or other capitalized costs incurred after the effective date of the 9(d) Contract or not assigned to the District prior to execution of the 9(d) Contract will be paid to the United States pursuant to a separate agreement between the District and the United States within the timeframe prescribed by the WIIN Act. See, however, the caption "—Drainage."

Sustainable Groundwater Management Act

There can be no assurance that groundwater pumping by water users will be maintained at levels described in the table titled "Supplemental Surface Water and Groundwater Supplies Acquired" under the caption "—District Water Supply—*Supplemental Water*." Implementation of the SGMA and the District's decision to serve as the GSA for the Westside Subbasin (in such capacity, the "Westlands Water District Groundwater Sustainability Agency") required the Westlands Water District Groundwater Sustainability Agency to prepare a GSP, which was adopted by the Westlands Water District Groundwater Sustainability Agency in January 2020 and submitted to DWR for approval. In connection with the approval process, DWR is permitted to request modifications to the Westside Subbasin GSP. In addition, DWR may decide not to approve the Westlands Water District Groundwater Sustainability Agency's Westside Subbasin GSP, in which case the implementation of the GSP for the Westside Subbasin would shift to SWRCB. DWR is required to act on the Westlands Water District Groundwater Sustainability Agency's Westside Basin GSP by January 23, 2022.

The Westlands Water District Groundwater Sustainability Agency's Westside Subbasin GSP contains groundwater management measures that include groundwater recharge projects, a groundwater allocation program, reduced pumping in certain subsidence sensitive areas and increased surface water transfers. The

forementioned measures are still in the design and planning phase, but their implementation may reduce groundwater pumping and may result in increased land fallowing and increased costs. Implementation of the Westlands Water District Groundwater Sustainability Agency's Westside Basin GSP could also result in claims against the District for failure to comply with applicable laws and regulations. See the caption "— District Water Supply—*Effect of Sustainable Groundwater Management Act.*"

Statutory and Regulatory Compliance

Laws and regulations governing the 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.

Except as described in this Official Statement, the District is unaware of any claim against the District for failure to comply with applicable laws and regulations. However, if such a claim were successful, such claim may be payable from assets of the District or from other legally available sources. In addition to claims by private parties, changes in the scope and standards for public agency water systems such as that operated by the District may also lead to administrative orders issued by federal or State regulators. Future compliance with such orders can also impose substantial additional costs on the District. No assurance can be given that the cost of compliance with such laws, regulations and orders would not adversely affect the ability of the District to generate Revenues sufficient to pay amounts payable to SLDMWA under the DHCCP Activity Agreement which secures the SLDMWA 2021B Bonds.

Limitations on Remedies Available; Bankruptcy

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

The opinions to be delivered by Bond Counsel concurrently with the issuance of the SLDMWA 2021B Bonds will be subject to such limitations and the various other legal opinions to be delivered concurrently with the issuance of the SLDMWA 2021B Bonds will be similarly qualified. See Appendix C. In the event that the District fails to comply with its covenants under the DHCCP Activity Agreement or fails to pay to SLDMWA amounts required by the DHCCP Activity Agreement, which secure the SLDMWA 2021B Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the Owners of the SLDMWA 2021B Bonds. Furthermore, the remedies available to the Owners of SLDMWA 2021B Bonds upon the occurrence of an event of default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

No Obligation to Tax

The obligation of the District to pay to SLDMWA amounts required by the DHCCP Activity Agreement, which secure the SLDMWA 2021B Bonds, does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. The obligation of the District to pay to SLDMWA amounts required by the

DHCCP Activity Agreement does not constitute a debt or indebtedness of any agency, the State of California or any of its political subdivisions, in contravention of any constitutional or statutory debt limitation or restriction.

Change in Law

In addition to the other limitations described herein, the California electorate or Legislature could adopt a constitutional or legislative property tax decrease or an initiative with the effect of reducing Revenues payable to or collected by the District. 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 adversely affect the security of the amounts payable by the District to SLDMWA under the DHCCP Activity Agreement which secure the SLDMWA 2021B Bonds.

Natural Disasters and Seismic Considerations

General. The occurrence of any natural disaster within the District or affecting the CVP itself or any Reclamation facilities, including, without limitation, earthquake, wildfire, drought, high winds, landslide or flood, could have an adverse material impact on the economy within the District and the Revenues available for the payment of amounts payable by the District to SLDMWA under the DHCCP Activity Agreement which secure the SLDMWA 2021B Bonds and result in substantial damage to and interference with the operations of the Water System.

Seismic Activity. The area encompassed by the District as well as areas from where Reclamation provides water to the District, like that in much of California, may be subject to unpredictable seismic activity. The District and such Reclamation facilities are located within a regional network of several active and potentially active faults. In addition, the Delta, from or through which the District's CVP water supply is diverted or conveyed, is home to an extensive levee network critical to the CVP's water supply reliability. If there were to be an occurrence of severe seismic activity in the District or in areas, including the Delta, affecting Reclamation's facilities, there could be an impact on the ability of water users to pay the Water System rates and charges, diminishing Revenues, which could have an adverse effect on the District's ability to amounts payable by the District to SLDMWA under the DHCCP Activity Agreement which secure the SLDMWA 2021B Bonds.

The District does not maintain earthquake insurance on Water System facilities. See the caption "Insurance."

Flooding. Portions of the District and areas where Reclamation facilities are located are mapped within the 100-year flood plain and have the potential to flood if rain events exceed the floodplain capacity. The District does not maintain insurance covering damage to the Water System caused by flooding. See the caption "Insurance" and the subcaption "—Climate Change." Damage to portions of the District due to damage caused by flooding and the impact on the agricultural activities taking place thereon, may affect the demand for water within the District's service area or the ability or willingness of landowners to pay acreage charges or assessments.

Fire. Wildfires have occurred historically in different regions of the State, including areas in which Reclamation conducts water gathering activities and near the District's service area. There can be no assurance that fires will not occur near CVP facilities or within the boundaries of the District in the future, leading to decreased CVP water supplies received by the District or usage of the District's Water System and a decline in Net Revenues. The District does not carry insurance for fire damage. See the caption "Insurance."

Drought. For several years prior to 2017, the State experienced a significant drought, one of the consequences of which was a 0% allocation of CVP water deliveries by Reclamation to the District in Fiscal Years 2015 and 2016 and significantly reduced allocations by Reclamation in Fiscal Years 2014 and 2017.

There can be no assurance that drought conditions will not reappear in the future. The reappearance of drought conditions may result in a decrease in the amount of CVP water received by the District from Reclamation, which could adversely affect the ability of the District to generate Revenues in amounts that are sufficient to pay amounts payable by the District to SLDMWA under the DHCCP Activity Agreement which secure the SLDMWA 2021B Bonds.

Climate Change. Climate change, including change caused by human activities, may have adverse effects on the District's Water System. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods and heat waves, and raising sea levels. The future fiscal impact of climate change on the CVP, the District or the Reclamation facilities is difficult to predict, but it could be significant and it could have a material adverse effect on the District's finances by requiring greater expenditures to counteract the effects of climate change or by changing the business and activities of District customers. The District considers the potential effects of climate change in its planning.

Additional District Obligations

The DHCCP Activity Agreement does not limit the issuance by the District of Bonds or the entering into by the District of Contracts payable from Net Revenues remaining after payment of Operation and Maintenance Costs, including amounts payable by the District to SLDMWA under the DHCCP Activity Agreement.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the SLDMWA 2021B Bonds or, if a secondary market exists, that any SLDMWA 2021B 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

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 Fresno and Kings Counties. 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.

To date there have been a number of confirmed cases, and deaths from, of COVID-19 in the State, including Fresno and Kings Counties, and health officials are expecting the number of confirmed cases to grow. The United States is restricting certain non-United States citizens and permanent residents from entering the country. 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. On March 31, 2020, the Board of Supervisors of Kings County issued a similar shelter in place order requiring residents to stay in their homes, subject to certain limited exceptions. The Board of Supervisors of Kings County voted to rescind Kings County's shelter in place order on April 28, 2020. The County of Fresno did not issue a local shelter in place order.

On August 28, 2020, the State released further guidance regarding re-opening certain types of businesses based on a county-by-county approach where each county is assigned a tier based on COVID-19 case rates within each county. Based on the current assessment from the State, Fresno County and Kings County are each in the “Widespread” tier as of December 8, 2020. For counties in the “Widespread” tier, many non-essential indoor operations are closed. On December 3, 2020, the State released a Regional Stay Home Order that goes into effect within 24 hours in regions with less than 15% intensive care unit (“ICU”) availability. Under the order, the State is divided into five regions. The Counties of Fresno and Kings are located in the San Joaquin Valley region. The order prohibits private gatherings of any size, closes sector operations except for critical infrastructure and retail, and requires 100% masking and physical distancing in all others. The order remains in effect for at least 3 weeks, and after that period, will be lifted when a region’s projected ICU capacity meets or exceeds 15%. As of December 8, 2020, the San Joaquin Valley region was subject to the Regional Stay Home Order.

The District 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 District 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. The District’s workforce offers essential services to water users and landowners by providing water for the growing of agricultural crops within the District. The District continues to operate in accordance with the health guidelines established by the County of Fresno, the State of California, and the federal government. The District has continued to deliver water to its customers daily without interruption.

Potential impacts to the District associated with the COVID-19 outbreak, and the related economic challenges, could include, but are not limited to, a decrease in the value of crops cultivated on land within the District, the diminishment of the value of farm lands located within the boundaries of the District, the fallowing of certain lands due to decreased demand for crops cultivated within the District and the spoilage of crops due to disruptions in the agricultural labor force or the infrastructure supporting the movement of crops from the District. Such potential impacts of the COVID-19 outbreak could result in a decrease in demand for the District’s water, which could result in a decrease in the District’s Water System revenues. In addition, potential declines in property values in the District may affect the ability or willingness of landowners to pay acreage charges or assessments.

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 the District is unknown and there can be no assurance that the outbreak of COVID-19 will not affect the District’s ability to pay to SLDMWA amounts required by the DHCCP Activity Agreement, which secure the SLDMWA 2021B Bonds.

Cyber Security

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.

The District employs a multi-level cyber protection scheme that includes firewalls, anti-virus software, anti-spam/malware software, intrusion protection and domain name system filtering software. In addition, the District contracts with third party vendors to monitor and augment internal monitoring of the District’s computer systems. The third-party vendor performs services for the District on a monthly basis in which they perform penetration testing, review malware and antivirus logs and perform secondary backup. To date, the District has not experienced an attack on its computer operating systems. However, there can be no

assurance that a future attack or attempted attack would not result in disruption of District operations. The District expects that any such disruptions would be temporary in nature.

Bond Insurance and Debt Service Reserve Insurance Policy

In the event of default of the payment of the scheduled principal of or interest on the SLDMWA 2021B Bonds when all or some becomes due, the Trustee on behalf of any owner of the SLDMWA 2021B Bonds shall have a claim under the Policy for such payments. The Insurer may direct and must consent to any remedies with respect to the SLDMWA 2021B Bonds or the DHCCP Activity Agreement and the Insurer's consent may be required in connection with amendments to any applicable documents relating to the SLDMWA 2021B Bonds or the DHCCP Activity Agreement. See Appendix B—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Events of Default." The long-term ratings on the SLDMWA 2021B Bonds are dependent in part on the financial strength of the Insurer and its claims paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and the ratings on the SLDMWA 2021B Bonds will not be subject to downgrade and such event could adversely affect the market price of the SLDMWA 2021B Bonds or the marketability (liquidity) for the SLDMWA 2021B Bonds.

The obligation of the Insurer is an unsecured contractual obligations and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the District nor the Underwriter have made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to make the payments under the DHCCP Activity Agreement and the claims paying ability of the Insurer, particularly over the life of the investment. See "BOND INSURANCE" in the forepart of this Official Statement for further information regarding the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer. See "FLOW OF FUNDS—The Reserve Fund Insurance Policy" for additional information with respect to the Reserve Fund established for the SLDMWA 2021B Bonds and the Reserve Fund Policy.

EXHIBIT A-1 TO APPENDIX A

**WESTLANDS WATER DISTRICT FINANCIAL STATEMENTS, INCLUDING THE
AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

EXHIBIT A-2 TO APPENDIX A

**ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS
PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1993,
MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER**

APPENDIX B

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain provisions of the DHCCP Activity Agreement and the Indenture which are not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the respective agreement for a full and complete statement of the provisions thereof.

DHCCP ACTIVITY AGREEMENT

DEFINITIONS

“Activity Agreement Expenses” means all direct expenses incurred pursuant to the DHCCP Activity Agreement and any Memorandum of Understanding authorized thereby, together with Water Authority Administration Costs allocable to Activity Agreement Members in conjunction with the DHCCP Activity Agreement, the collection of which is authorized by the Administration Agreement signed by each member of the Water Authority or by the Memorandum of Understanding signed by a Non-Member Participating Party, together with expenses incurred specifically for purposes of the DHCCP Activity Agreement.

“Activity Agreement Member(s)” means the Water Authority Member(s) who execute the DHCCP Activity Agreement; except where distinguished by context or by express provision of the DHCCP Activity Agreement or of an MOU, the term “Activity Agreement Member(s)” will also refer to any Non-Member Participating Party(ies) who executed an MOU so as to participate in the DHCCP Activity Agreement.

“Administration Agreement(s)” means those certain agreements between the Water Authority and its Members for the undertaking of activities and sharing of costs and benefits pursuant to the JPA Agreement.

“Brown Act” means the Ralph M. Brown Act (California Government Code Sections 54950 et seq.).

“DHCCP Activity Agreements” means the San Luis & Delta-Mendota Water Authority Delta Habitat Conservation and Conveyance Program Activity Agreements, each dated as of March 1, 2009, by and between the Water Authority and each Activity Agreement Member.

“Direct Payment Participant” means an Activity Agreement Member selecting Payment Option 1.

“DWR” means the Department of Water Resources of the State of California.

“DWR Funding Agreement” means that certain Agreement for Funding Between the Department of Water Resources and the San Luis & Delta Mendota Water Authority for the Costs of Environmental Analysis, Planning and Design of Delta Conservation Measures, Including Delta Conveyance Options, by and between DWR and the Water Authority, as amended from time to time.

“Financing Participant” means an Activity Agreement Member selecting Payment Option 2.

“Financing Participant Percentage” means the participation percentage of each Financing Participant as described in the DHCCP Activity Agreement.

“Indenture” means the Indenture of Trust, dated as of March 1, 2009, by and between the Authority and MUFG Union Bank, N.A., as trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture.

“JPA Agreement” means the Amended and Restated Joint Exercise of Powers Agreement -- San Luis & Delta-Mendota Water Authority, dated as of January 1, 1992.

“Memorandum of Understanding” or “MOU” means an agreement in the form approved by the Steering Committee and Water Authority Board of Directors between the Water Authority and a local agency, mutual water company or other party that is not a member of the Water Authority but which desires to participate in the DHCCP Activity Agreement as a Non-Member Participating Party.

“Non-Member Participating Party” means a local agency, mutual water company or other party which is not a member of the Water Authority but which by execution of an MOU agrees to undertake the same obligations and is accorded the same benefits as a member of the Water Authority that has executed the DHCCP Activity Agreement.

“Notices to Participate” means those certain notices delivered by Activity Agreement Members to the Water Authority described in the DHCCP Activity Agreement.

“Participation Percentage” means the participation percentage of each Activity Agreement Member as described in the DHCCP Activity Agreement.

“Participation Period” means the period between the execution of the DHCCP Activity Agreement by any Activity Agreement Member and the Water Authority, and March 30, 2009.

“Payment Option 1” means the payment option by that name described under the caption “NOTICE TO PARTICIPATE—Payment Option 1: Direct Payment” below.

“Payment Option 2” means the payment option by that name described under the caption “NOTICE TO PARTICIPATE—Payment Option 2: Payment of Debt Service” below.

“Steering Committee” means that certain steering committee described in the DHCCP Activity Agreement.

“Water Authority” means the San Luis & Delta-Mendota Water Authority, a joint powers agency separate from its members.

“Water Authority Administration Costs” means Water Authority general administrative expenses, a percentage of which will be allocated to the DHCCP Activity Agreement by the Water Authority.

“Westlands Water District” means the Westlands Water District, a member of the Water Authority duly organized and existing under and by virtue of the laws of the State of California.

AGREEMENT TO PAY FOR DWR FUNDING AGREEMENT AND ACTIVITY AGREEMENT EXPENSES

The Activity Agreement Members will pay to the Water Authority their respective shares of costs incurred by the Water Authority pursuant to the DWR Funding Agreement in accordance with Payment Option 1 or Payment Option 2 selected by each Activity Agreement Member on its Notice to Participate under the DHCCP Activity Agreement. The Water Authority agrees to apply these funds to meet Water Authority financial obligations under the DWR Funding Agreement in accordance with the Payment Options selected by each Activity Agreement Member, including by making direct payments to DWR and by making payments required for notes, bonds or other obligations issued under the authorization of the DHCCP Activity Agreement. Activity Agreement Members further agree to pay their share of Activity Agreement Expenses allocated pursuant to the DHCCP Activity Agreement.

MOUs with Non-Member Participating Parties. The Water Authority is authorized to extend participation in the benefits and obligations of the DHCCP Activity Agreement to Non-Member Participating Parties as are authorized by law to contract with the Water Authority, by entering into a Memorandum of Understanding with each Non-Member Participating Party, which participation is conditioned upon each Non-Member Participating Party’s agreement to pay its share of costs and to select Payment Option 1 or Payment Option 2 by providing Notice to Participate as set forth in the DHCCP Activity Agreement, and upon full performance of the obligations set forth in the MOU.

PARTICIPATION PERCENTAGES

Each Activity Agreement Member agrees to pay or advance to the Water Authority, from its water or irrigation system revenues only as an operations and maintenance expense of its water or irrigation system, its participation percentage of the costs authorized by Activity Agreement Members in accordance with the DHCCP Activity Agreement. The participation percentage of each Activity Agreement Member (as modified from time to time in accordance with the DHCCP Activity Agreement, each a "Participation Percentage") will be based on the following formula:

[Activity Agreement Member's Central Valley Project Water Service Contract Total] + [12.5% of Activity Agreement Member's entitlement to water supplied by the Authority, when available, known as exchange or settlement water]

Divided by

[Contract Total of all Activity Agreement Members' Central Valley Project Water Service Contracts] + [12.5% of Contract Total of all Activity Agreement Members' entitlement to water supplied by the Authority, when available, known as exchange or settlement water*]

*Grassland Water District Central Valley Project contract water is treated as exchange or settlement water.

A schedule of the anticipated Participation Percentages for the Activity Agreement Members are set forth in the DHCCP Activity Agreement.

Updating Participation Percentages. The schedule of Participation Percentages will be revised to conform the anticipated participation described in the DHCCP Activity Agreement to the Participation Percentages of the parties who ultimately execute the DHCCP Activity Agreement or an MOU. Participation Percentages will be recalculated under the formula set forth in the DHCCP Activity Agreement. Changes in Activity Agreement Members, adjustments in Participation Percentages and reallocation of Activity Agreement Expenses that are authorized by the DHCCP Activity Agreement will be documented by attaching to the Activity Agreement a revised schedule of Participation Percentages without further amendment of the DHCCP Activity Agreement being required.

ADVANCE OF FUNDS; REIMBURSEMENT FROM SUBSEQUENT FUNDING

To expedite the DWR Funding Agreement and satisfy the contingency for Water Authority execution of the DWR Funding Agreement, Westlands Water District will execute the DHCCP Activity Agreement and advance funds required to bring and keep the Water Authority current in its obligations under the DWR Funding Agreement until other sources of funding become available under the DHCCP Activity Agreement. The Water Authority will fully repay Westlands Water District for its advanced funds from financings and DHCCP Activity Agreement collections consistent with the DHCCP Activity Agreement, provided that the repayment does not diminish Westlands Water District's Participation Percentage or its obligation to pay under the DHCCP Activity Agreement. The obligation will also apply to other Activity Agreement Members, if any, who agree to advance funds to the Water Authority for purposes of Water Authority obligations under the DWR Funding Agreement that must be paid before the Water Authority can collect or finance Activity Agreement Expenses.

NOTICE TO PARTICIPATE

During the Participation Period, each Activity Agreement Member will deliver to the Water Authority a Notice to Participate in the amount of its then-assigned Participation Percentage by selection of Payment Option 1 or Payment Option 2. An Activity Agreement Member's failure to deliver the Notice to Participate prior to March 30, 2009 constitutes notice of withdrawal from the DHCCP Activity Agreement pursuant thereto; provided, that the Steering Committee may extend the deadline by up to ninety (90) days in order to accommodate time requirements

for an Activity Agreement Member to meet legal obligations necessary for its performance under the DHCCP Activity Agreement.

Payment Option 1: Direct Payment. An Activity Agreement Member may submit to the Water Authority its Notice to Participate under Payment Option 1. An Activity Agreement Member selecting Payment Option 1 is referred to as a “Direct Payment Participant.”

(a) Payment Obligation. A Direct Payment Participant who selects Payment Option 1 on its Notice to Participate will pay to the Water Authority its calculated share, based upon its Participation Percentage, of payments owed by the Water Authority to DWR under the DWR Funding Agreement, as increased or decreased by any amendment to the DWR Funding Agreement.

(b) Payment Terms. Payments from Direct Payment Participants will be on the terms determined by the Steering Committee in order to fulfill the Water Authority’s obligations to make monthly payments under the DWR Funding Agreement, including terms providing mechanisms to address increases, adjustments and decreases of the obligations, as well as to fix the timing of payments.

(c) Direct Payment Participant Repayment Schedule. The obligation of Direct Payment Participants to make direct payments will be documented in a Payment Option 1 repayment schedule in substantially the form set forth in the DHCCP Activity Agreement, which Payment Option 1 repayment schedule will be executed by an authorized officer of each Direct Payment Participant. In the event, due to changes in timing, increases, or other adjustments, the Direct Payment Participant repayment schedule does not produce adequate funds to cover a Direct Payment Participant’s Participation Percentage of obligations owed by the Water Authority under the DWR Funding Agreement on the schedule on which the Water Authority is required to make the payments, the Water Authority will advance the balance of the Direct Payment Participant’s obligation; providing that the Water Authority: (i) has available proceeds of bonds, notes or other obligations issued pursuant to the DHCCP Activity Agreement; and (ii) has received an approving opinion of Stradling, Yocca, Carlson & Rauth with respect to no adverse effect on the exclusion of interest on bonds, notes or other obligations being caused by the advance. In that case, the additional payment by the Water Authority on behalf of the Direct Payment Participant will bear interest as set forth in the DHCCP Activity Agreement.

(d) Direct Payments from Central California Irrigation District, Firebaugh Canal Water District, and Henry Miller Reclamation District 2131, and Columbia Canal Company. In order to accommodate their budget cycles to the timing of the DHCCP Activity Agreement, Central California Irrigation District, Firebaugh Canal Water District, Henry Miller Reclamation District 2131 and Columbia Canal Company (a Non-Member Participating Party) have previously authorized participating in the DHCCP Activity Agreement as Direct Payment Participants based upon three annual payments reflecting the following annual Direct Payment Participant obligations:

Central California Irrigation District	3.21% of \$13,000,000, or \$417,813;
Firebaugh Canal Water District	.51% of \$13,000,000, or \$66,706;
Henry Miller Reclamation District 2131	.99% of \$13,000,000, or \$128,389; and
Columbia Canal Company	.36% of \$13,000,000, or \$46,302.

Adjustments of these Direct Payment Participant shares will be implemented through the mechanisms described in the DHCCP Activity Agreement; provided, that except for their agreement to pay interest charged by the Water Authority under the DHCCP Activity Agreement, Central California Irrigation District, Firebaugh Canal Water District, Henry Miller Reclamation District 2131 and Columbia Canal Company do not agree to pay any share of DWR Funding Agreement costs in excess of the total amounts described above.

Updating Direct Payment Participant Schedule. The schedule of Direct Payment Participants will be revised to conform the anticipated participation described in the DHCCP Activity Agreement to the Direct Payment Participants who ultimately select Payment Option 2. Changes in Direct Payment Participants and adjustments in Participation Percentages that are authorized by the DHCCP Activity Agreement will be documented by attaching to the DHCCP Activity Agreement a revised exhibit, without further amendment of the DHCCP Activity Agreement being required.

Payment Option 2: Payment of Debt Service. An Activity Agreement Member may submit to the Water Authority its Notice to Participate under Payment Option 2. An Activity Agreement Member selecting Payment Option 2 is referred to as a “Financing Participant.”

(a) Financing Participant Payment Obligation. Each Financing Participant who selects Payment Option 2 on its Notice to Participate agrees to pay to the Water Authority its calculated share of debt service on Water Authority financing issued to fund Water Authority payment obligations under the DWR Funding Agreement, including its share of any final payment of principal and any refinancing as set forth in the DHCCP Activity Agreement. The Financing Participant Percentages will be calculated as follows:

[Financing Participant’s Central Valley Project Water Service Contract Total] +
[12.5% of Financing Participant’s entitlement to water supplied by the Water Authority, when available, known as exchange or settlement water]

Divided by

[Contract Total of All Financing Participants’ Central Valley Project Water Service Contracts] + [12.5% of Contract Total of All Financing Participants’ entitlement to water supplied by the Water Authority, when available, known as exchange or settlement water*]

*Grassland Water District Central Valley Project contract water is treated as exchange or settlement water.

(b) Financing Participant’s Repayment Schedule. The obligation of Financing Participants to make debt service payments will be documented in a Payment Option 2 repayment schedule in substantially the form set forth in the DHCCP Activity Agreement, which Payment Option 2 repayment schedule will be executed by an authorized officer of each Financing Participant.

(c) Updating Financing Participant Schedule. The schedule of Financing Participant Percentages will be revised to conform the anticipated participation described in the DHCCP Activity Agreement to the Financing Participant Percentages of the parties who ultimately select Payment Option 1. Financing Participant Percentages will be recalculated under the formula set forth in the DHCCP Activity Agreement. Changes in Financing Participants and adjustments in Financing Participant Percentages that are authorized by the DHCCP Activity Agreement will be documented by attaching to the DHCCP Activity Agreement a revised exhibit without further amendment of the DHCCP Activity Agreement being required.

(d) Additional Terms. Additional terms governing Financing Participants are set forth below.

AUTHORIZATION TO ISSUE BONDS, BONDS OR OTHER OBLIGATIONS

The Water Authority will use its best efforts to issue or cause to be issued bonds, notes or other obligations pursuant to the JPA Agreement repayable from payments to be made by Financing Participants who submit Notices to Participate under Payment Option 2. The initial issuance is estimated to be \$50 million and will be upon approval of the Water Authority Board of Directors and the Board of Directors of Westlands Water District as the initial Activity Agreement Member pursuant to a Notice to Participate under Payment Option 2. A refinancing of the initial issuance is anticipated and Financing Participants who do not pay off their share of principal 90 days before the maturity date are obligated under the DHCCP Activity Agreement to participate in the refinancing. The DHCCP Activity Agreement sets forth the anticipated cost allocation of principal for the initial issuance. The DHCCP Activity Agreement will be revised to conform the anticipated participation described in the DHCCP Activity Agreement to the Financing Participants who ultimately select Payment Option 2 in the same manner as described in the DHCCP Activity Agreement. The changes will be documented by attaching to the DHCCP Activity Agreement a revised exhibit without further amendment of the DHCCP Activity Agreement being required. Provided, however, that any debts, liabilities, obligations and indebtedness incurred by the Water Authority pursuant to the DHCCP

Activity Agreement will not be debts, liabilities, obligations or indebtedness of any member of the Water Authority other than Activity Agreement Members providing Notice to Participate under Payment Option 2. No Activity Agreement Member will be obligated for amounts owed by another Activity Agreement Member on account of any issuance authorized by the DHCCP Activity Agreement, except as provided therein. Any refinancing of the initial issuance, any additional issuance and any refinancing of a prior issuance will be upon approval of the Water Authority and the Activity Agreement Members; provided, that Activity Agreement Members who are obligated to refinance their share of principal of the initial issuance pursuant to the DHCCP Activity Agreement are deemed to have approved the refinancing; provided, further, that no financing in contravention of commitments of the Water Authority or Westlands Water District under the initial issuance of bonds, notes or other obligations under the DHCCP Activity Agreement is authorized thereby.

TERMS APPLICABLE TO PAYMENT OPTION 2 FINANCING PARTICIPANTS

Terms Applicable to Westlands Water District as the Initial Financing Participant.

(a) Cooperation, Disclosure and Documents. Westlands Water District will cooperate with the Water Authority for the purpose of expediting the issuance of bonds, notes or other obligations to finance the Water Authority's financial obligations under the DWR Funding Agreement by providing information and disclosure as may be required, and by delivering all closing documents required by the Water Authority or Water Authority bond counsel at the closing of the bonds, notes or other obligations described in the DHCCP Activity Agreement.

(b) Westlands' Water District's Payment Obligation and Right to Reimbursement by Trustee. Westlands Water District will pay 100% of the principal and interest when due on any financing issued by the Water Authority for purpose of funding Water Authority obligations under the DWR Funding Agreement. As other parties become Financing Participants as described in the DHCCP Activity Agreement, the Water Authority will, pursuant to the Indenture, remit payments received from other Financing Participants who have elected Payment Option 2 to the Trustee on the schedule required by the Indenture, and MUFG Union Bank, N.A., as trustee, will reimburse Westlands Water District for amounts in excess of Westlands Water District's Financing Participant Percentage of the financing pursuant to the Indenture; provided, that failure of a Financing Participant to make payment required by the DHCCP Activity Agreement will not relieve Westlands Water District of its obligation to pay 100% of the outstanding notes, bonds or other obligations.

(c) Additional Information. Westlands Water District will annually provide, on the schedule requested by the Water Authority, the information as the Water Authority requires from Westlands Water District in order to comply with its obligations under any continuing disclosure certificate required in connection with financing the Water Authority's obligations under the DWR Funding Agreement.

(d) Additional Documents. Westlands Water District will execute additional documents, including but not limited to, any necessary further assurances in relation to the financing, as the Water Authority may reasonably request.

Additional Financing Participants. In consideration of the payment provided for in the DHCCP Activity Agreement, each party who submits a Notice to Participate during the Participation Period designating Payment Option 2 and who has not withdrawn, or who is not then in default, has the right to participate in the Water Authority financing authorized under the DHCCP Activity Agreement to pay its share of Water Authority obligations under the DWR Funding Agreement in accordance with its Financing Participant Percentage and the terms of the DHCCP Activity Agreement.

Payment Option 2 Repayment Schedule. Promptly following the close of the Participation Period, the Water Authority will provide a Payment Option 2 (Financing Participant) repayment schedule for each Financing Participant for execution by the Financing Participant, designating the Financing Participant's share of Water Authority obligations under the DWR Funding Agreement in accordance with its Financing Participant Percentage. The payments will be made on the schedule determined by the Water Authority in order to fulfill the Water Authority's debt service obligations for the financing.

(a) Amendment of Payment Option 2 Repayment Schedule. Except as provided in the DHCCP Activity Agreement, as needed to accommodate refinancing authorized by the DHCCP Activity Agreement, or as needed to reflect adjustments in payments to true up estimated earned interest or other available credits applied to the Financing Participant's repayment obligation, each Financing Participant's executed Payment Option 2 repayment schedule will not be amended without approval of the Water Authority, the Steering Committee and the respective Financing Participant's Board of Directors.

Irrevocable Assignment to Trustee. The Financing Participants acknowledge and agree that the Water Authority has assigned or will assign to MUFG Union Bank, N.A., as trustee under the Indenture, without recourse, all of the Water Authority's rights, title, and interest in payments made by the Financing Participants pursuant to the DHCCP Activity Agreements, including all rights of the Water Authority as may be necessary to enforce compliance with said provisions (including enforcement of payment obligations and rate covenants, if any, contained in the DHCCP Activity Agreements).

Future Financing. In the event a Financing Participant participates in any future borrowing or refinancing authorized by the DHCCP Activity Agreement, the Financing Participant will undertake the same obligations as are set forth for Westlands Water District in the DHCCP Activity Agreement.

DEMAND FOR PAYMENT; INTEREST; WATER AUTHORITY'S OBLIGATION TO APPLY PAYMENTS

Demand for Payment. The Water Authority will demand from each Direct Payment Participant and Financing Participant payment of its respective Participation Percentage or Financing Participant Percentage on the schedule required to meet Water Authority obligations under the DWR Funding Agreement for Direct Payment Participants that have selected Payment Option 1 and on the Water Authority's repayment schedule for Financing Participants that have selected Payment Option 2.

Interest on Late Payment. Any part of the demand by the Water Authority which remains unpaid for sixty (60) days after its billing date will bear interest from the sixtieth day thereafter at the interest rate of the Local Agency Investment Fund then in effect computed on a monthly basis plus two percent until paid. Interest so earned will not change any Financing Participant Percentage and will be applied to the Financing Participant's share of Activity Agreement Expenses.

Water Authority Responsibility re Collected Funds. The Water Authority will apply the funds paid by the Direct Payment Participants and Financing Participants to effect the purposes described the DHCCP Activity Agreement in the amounts required to satisfy Water Authority obligations under the DWR Funding Agreement and Water Authority repayment obligations under any financing issued in accordance with the DHCCP Activity Agreement. The Water Authority will keep amounts collected under the DHCCP Activity Agreement in a designated account, promptly pay when due the amounts collected under the DHCCP Activity Agreement, provide accounting and payment information to the Direct Payment Participants and Financing Participants, and take other reasonable actions as may be requested by the Activity Agreement Members and agreed to by the Water Authority; provided, that failure of the Water Authority or of a Financing Participant to make payment required by the DHCCP Activity Agreement will not relieve Westlands Water District of its obligation to pay 100% of the outstanding notes, bonds or other obligations.

SOURCE OF PAYMENTS

In order to meet payment obligations of the DHCCP Activity Agreement in accordance with the JPA and the respective Administration Agreements, each Activity Agreement Member will, to the fullest extent permitted by law, fix rates, charges or assessments in connection with its water or irrigation system so that it will at all times have sufficient money to meet its obligations under the DHCCP Activity Agreement (other than the principal of any notes which the Water Authority and the Activity Agreement Members project being refinanced in accordance with the DHCCP Activity Agreement). Each Financing Participant confirms that payment of its obligations under its respective Payment Option 2 repayment schedule constitutes an operation and maintenance expense of the Financing Participant's water or irrigation system for accounting purposes and that, as an operation and maintenance expense, there are no liens, charges or encumbrances thereon, or priority of payments with respect thereto, prior to the payment of amounts under the DHCCP Activity Agreement or under the Payment Option 2 repayment schedule.

Each Activity Agreement Member confirms that the Water Authority and other Activity Agreement Members are third party beneficiaries of the Direct Payment Participant's Payment Option 1 or Financing Participant's Payment Option 2 repayment schedule and may take actions in law or in equity as may be desirable to enforce payments thereunder.

CONDITIONAL REPAYMENT TO ACTIVITY AGREEMENT MEMBERS.

All advances of funds made pursuant to the DHCCP Activity Agreement, excluding interest paid on delinquent payments, will be repaid to each Activity Agreement Member (including an Activity Agreement Member which has withdrawn in accordance with the DHCCP Activity Agreement) making advances pursuant to the DHCCP Activity Agreement out of the proceeds of Water Authority financings and collections. Reimbursements will be made within 30 days following the completion of each financing and will include interest computed monthly at a rate equivalent to the rate available from the Local Agency Investment Fund on the date of the closing of the financing. Any interest due under the DHCCP Activity Agreement and unpaid will be deducted from the repayment.

ORGANIZATION

The business of the DHCCP Activity Agreement will be conducted by the Steering Committee established and under the procedures set out in the DHCCP Activity Agreement.

Powers and Limitations Thereon. The Steering Committee will undertake all actions necessary for carrying out the DHCCP Activity Agreement, including but not limited to setting policy for the DHCCP Activity Agreement; developing and approving budgets for adoption by the Board of Directors of the Water Authority; determining to issue bonds, notes or other obligations in accordance with the JPA Agreement and the Joint Exercise of Powers Act (California Government Code Section 6500, et seq.); selecting the parties to be appointed by the Water Authority to serve on the executive committee of the Delta Habitation Conservation and Conveyance Program Planning Phase Memorandum of Agreement; and other actions as reasonably necessary or convenient to carry out the purposes of the DHCCP Activity Agreement. Except where the consent or approval of the Activity Agreement Members is expressly required by the DHCCP Activity Agreement, Steering Committee representatives are presumed to have authority to act for their respective entity governing bodies. The Water Authority Board of Directors will have final review and approval authority for all actions taken under the umbrella of the Water Authority, including the issuance of bonds.

Executive Director. The Executive Director of the Water Authority is authorized, consistent with the direction of the Steering Committee, to employ attorneys, engineers and other consultants, and otherwise authorize expenditure of DHCCP Activity Agreement funds within the parameters of the budget developed by the Steering Committee and approved by the Water Authority.

TERM

The DHCCP Activity Agreement will take effect on March 1, 2009, or the earlier date it is executed by the Water Authority and at least one Activity Agreement Member, and be retroactive to cover all obligations of the Water Authority incurred under the DWR Funding Agreement. The DHCCP Activity Agreement will remain in full force and effect until it is amended, rescinded or terminated by the Water Authority and the Activity Agreement Members by unanimous written consent in the same manner as required for amendment pursuant to the DHCCP Activity Agreement; provided, that in no event will the DHCCP Activity Agreement terminate as to Financing Participants who have selected Payment Option 2 prior to the repayment of all bonds, notes or obligations incurred by the Water Authority under the DHCCP Activity Agreement.

FUTURE FINANCIAL COMMITMENTS

From time to time as needs arise, Financing Participants, acting through the Steering Committee, may authorize additional financial commitments in the form of refinancing principal or financing additional costs to effect the purposes of the DHCCP Activity Agreement. Additional commitments must be approved by the Steering

Committee, the Board of Directors of the Water Authority, and the Financing Participants who will participate in any future financing; provided, that as set forth in the DHCCP Activity Agreement, each Financing Participant who does not pay its Financing Participant Percentage of principal from the initial debt issuance 90 days prior to its maturity consents to refinancing the initial issuance of debt for purposes of the DHCCP Activity Agreement.

ADMISSION OF NEW DHCCP ACTIVITY AGREEMENT MEMBERS

After formation of the DHCCP Activity Agreement by its execution by at least one member of the Water Authority and the Water Authority, additional parties may participate in the DHCCP Activity Agreement so long as the duly authorized officer of the member executes the DHCCP Activity Agreement or an MOU, as appropriate, prior to March 30, 2009. After March 30, 2009, new Activity Agreement Members may be admitted upon a unanimous vote of the Steering Committee and execution of all appropriate agreements; provided that no new Activity Agreement Members will be admitted if the admission would cause the Water Authority to violate any obligation of the Water Authority under bonds, notes or other obligations issued by the Water Authority for purposes of the DHCCP Activity Agreement.

WITHDRAWAL FROM FURTHER PARTICIPATION

Activity Agreement Members may withdraw from the DHCCP Activity Agreement as provided therein.

Notice of Withdrawal/Timing. Except as set forth in the DHCCP Activity Agreement, an Activity Agreement member will give the Water Authority and all Activity Agreement members written notice of such withdrawal not less than 30 days prior to the withdrawal date; provided that once an Activity Agreement Member provides notice of withdrawal, all other Activity Agreement Members who provide notice of withdrawal within 30 days of the first withdrawing party's notice will be deemed to withdraw as of the notice expiration date of the first Activity Agreement providing such notice. Activity Agreement Members who do not provide notice of withdrawal will be subject to reassigned financial obligations as provided in the DHCCP Activity Agreement.

The date a party is deemed to withdraw based upon the prior paragraph is the "Effective Withdrawal Date."

Payment of Obligations. Withdrawal is conditioned upon the withdrawing Activity Agreement Member's payment or agreement to pay its share of all debts, liabilities and obligations of the Water Authority pursuant to the DHCCP Activity Agreement incurred prior to the Effective Withdrawal Date, including both debt service and principal under any debts, liabilities and obligations incurred under the DHCCP Activity Agreement. "Debts, liabilities and obligations of the Water Authority incurred" will be calculated as described in the DHCCP Activity Agreement.

A withdrawing Activity Agreement Member that is a Financing Participant is obligated to pay: (i) a capital repayment amount equal to its Participation Percentage of the amount the Water Authority has incurred as financing cost and of the obligations of the Water Authority under the DWR Funding Agreement as of the Effective Withdrawal Date, including but not limited to, the amount the Water Authority has already paid to DWR prior to the Effective Withdrawal Date or that the Water Authority has committed to pay for DHCCP task orders that have been prior to the Effective Withdrawal Date; (ii) its unadjusted, continuing debt service obligation in the amount and at the times set forth in its Exhibit D Repayment Schedule; and (iii) its Participation Percentage of Water Authority Administration Costs and other Activity Agreement Expenses as of the Effective Withdrawal Date. If the Water Authority continues to utilize in its construction fund to support payments to DWR for DHCCP task orders approved under the DWR Funding Agreement after the Financing Participant's Effective Withdrawal Date, the withdrawing Financing Participant will not be obligated for capital repayment of such additional amounts committed by the Water Authority on or after the Effective Withdrawal Date.

A withdrawing Activity Agreement Member that is a Direct Payment Participant is obligated to pay: (i) the amounts due to the Water Authority under its Exhibit C Repayment Schedule that the Water Authority has paid or committed to pay to DWR on behalf of the Direct Payment Participant for Water Authority obligations under the DWR Funding Agreement as of the Effective Withdrawal Date; and (ii) its Participation Percentage of Water Authority Administration Costs and other Activity Agreement Expenses as of the Effective Withdrawal Date. The

withdrawing Direct Payment is not obligated to pay amounts on its Exhibit C Repayment Schedule for additional amounts committed by the Water Authority on or after the Effective Withdrawal Date.

The Water Authority and all Activity Agreement Members, including the withdrawing Activity Agreement Members, will establish a reconciliation process address accounting uncertainties existing as of the Effective Withdrawal Date, such as accounting adjustments that may be made between the State and Federal shares of DHCCP obligations or accounting adjustments between amounts provided by the Water Authority and amounts provided by Reclamation to meet the Federal share of DHCCP obligations under the DWR Funding Agreement.

Except for Administration Costs and related Activity Agreement Expenses, the maximum reconciled amounts payable by a Financing Participant withdrawing pursuant to the DHCCP Activity Agreement will be based upon a total Water Authority expenditure from its construction fund of \$35,781,170.

In principle, the same reconciliation process and maximum reconciled amounts payable by withdrawing Financing Participants will be applicable to a Direct Payment Participant withdrawing pursuant to the DHCCP Activity Agreement.

In principle, a withdrawing Financing Participant's share of investment earnings in the Water Authority construction fund will be accounted for as a portion of the Water Authority's payments made or committed to be made to DWR as of the Effective Withdrawal Date, but in no event will such investment earnings be applied for any purpose other than to fund Water Authority obligations to DWR under the DWR Direct Funding Agreement.

A withdrawing party will, within 30 days of the Effective Withdrawal Date and upon receipt of the Water Authority's invoice therefor, pay all such Activity Agreement Member's financial obligations incurred as of the Effective Withdrawal Date pursuant to the terms of the DHCCP Activity Agreement. For a withdrawing Financing Payment Participant, all obligations incurred must be paid within 30 days of the Effective Withdrawal Date upon receipt of the Water Authority's invoice, except that it may continue to make debt service payments on the same schedule as if it had not withdrawn from the Activity Agreement and to repay its capital repayment obligation at the same as is required for continuing Activity Agreement Members. As an alternative to paying all obligations within 30 days and, if applicable, debt service and capital repayment obligations on the pre-withdrawal time schedule, a withdrawing Activity Agreement Member may enter into a separate payment agreement acceptable to the Water Authority providing for continuing payment of such obligations until fully paid; provided, that if a Water Authority is deemed to have due to its failure to submit Notice to Participate under the DHCCP Activity Agreement, such member will be treated as though it never became an Activity Agreement Member and will have no payment obligation.

Rights Following Withdrawal. As of the Effective Withdrawal Date, all rights of participation in the DHCCP Activity Agreement will cease for the withdrawing Activity Agreement Member, except the right to participate in the reconciliation process described in the DHCCP Activity Agreement.

Obligations Following Withdrawal. Withdrawal does not excuse the withdrawing Activity Agreement Member's performance of obligations imposed upon that party for capital repayment obligations or ongoing debt service as set forth in the DHCCP Activity Agreement or by any judgment which has been entered by a court of competent jurisdiction or regulation to which the Water Authority or the Activity Agreement Members are subject and arises from or is related to actions taken under the DHCCP Activity Agreement conducted during the period when the withdrawing Activity Agreement Member participated in the DHCCP Activity Agreement. Furthermore, the indemnification obligations set forth the DHCCP Activity Agreement regarding the rights to contribution described therein will survive a party's withdrawal from the DHCCP Activity Agreement for activities under the DHCCP Activity Agreement conducted during the period when the withdrawing Activity Agreement Member participated in the DHCCP Activity Agreement.

Nothing set forth in the withdrawal provisions of the DHCCP Activity Agreement relieve a withdrawing Activity Agreement Member that is a Financing Participant and that does not otherwise repay its share of capital within 90 days prior to maturity of notes issued by the Water Authority from the obligation to refinance its share of the Note Principal as provided in the DHCCP Activity Agreement.

Reassigned Principal Obligations Following Withdrawal. Notwithstanding any other provision of the DHCCP Activity Agreement or of the language on an Activity Agreement Member's repayment schedule, the Financing Participant Activity Agreement Members have acknowledged and agreed that withdrawal by an Activity Agreement Member who is a Financing Participant will result in the reassignment of principal repayment obligations from which the withdrawing party is relieved and in the obligation of continuing Activity Agreement Members to pay an increased Allocation of Note Principal under the DHCCP Activity Agreement, as adjusted to reflect that one or more Activity Agreement Members have withdrawn from the Activity Agreement. Each Activity Agreement Member has consented to pay the additional amount caused by reassigning the withdrawing Activity Member's share of the Water Authority's obligation under the DWR Direct Funding Agreement.

If the withdrawing Activity Agreement Member is a Direct Payment Participant, the continuing Activity Agreement Members agree to their obligations to cover the obligation of the withdrawing Direct Payment Participant. The Water Authority will pay the Withdrawing Direct Payment Participant's obligation; providing that the Water Authority: (i) has available proceeds or notes or other obligations issued pursuant to the DHCCP Activity Agreement; and (ii) has received an approving opinion of Stradling, Yocca, Carlson & Rauth with respect to no adverse effect on the exclusion of interest on bonds, notes or obligations being caused by such payment.

No withdrawing Activity Agreement Member has any rights or interests in funds in the Water Authority construction fund after the Effective Withdrawal Date and the Water Authority will continue to apply such to meet its obligations under the DWR Funding Agreement, thereby avoiding to the extent possible the need to seek inputs of additional capital on account of a withdrawing Activity Agreement Member's obligation to provide funding.

AMENDMENT

The DHCCP Activity Agreement may be amended upon written approval of any amendment by a unanimous vote of the Activity Agreement Members; provided, that the Water Authority or any Activity Agreement Member proposing an amendment will provide notice to each other Activity Agreement Member and to the Water Authority by personal delivery; U.S. mail; facsimile transmittal with written confirmation; or electronic mail with written confirmation. Notices served by U.S. mail will be deemed received 5 days following the mailing date; all other forms of notice will be deemed received on the actual date received as confirmed by proof of service, facsimile confirmation or electronic mail confirmation. Upon service of written notice upon the president or chair and manager or other chief executive officer of any Activity Agreement Member that the failure to object or consent to an amendment will result in automatic consent to the amendment, any Activity Agreement Member that fails to consent or object within sixty (60) days after consent is requested (or an alternate reasonable time as is set by the Steering Committee by action recorded in the minutes) will lose its right to consent or object to the proposed amendment.

INDEMNIFICATION OF WATER AUTHORITY AND ITS MEMBER AGENCIES WHO ARE NOT ACTIVITY AGREEMENT MEMBERS

The Activity Agreement Members will hold the Water Authority, and each Water Authority member agency who is not an Activity Agreement Member, free and harmless from and indemnify each of them against any and all costs, losses, damages, claims and liabilities arising from the DHCCP Activity Agreement that are not the result of the negligence or willful misconduct of the party seeking indemnification. The indemnification obligation includes the obligation to defend the Water Authority, and all Water Authority member agencies which are not participants in the DHCCP Activity Agreement, at the sole expense of the Activity Agreement Members in any action or proceeding brought against the Water Authority or any Water Authority member agencies not participating in the DHCCP Activity Agreement to recover any costs, losses, damages, claims or liabilities arising from the DHCCP Activity Agreement. The costs of defense and indemnification will be shared among the Activity Agreement Members in the same percentage as each Activity Agreement Member's Participation Percentage under the then-current schedule.

RIGHT OF CONTRIBUTION

In the event a judgment is awarded against the Water Authority or against an Activity Agreement Member to any person or entity that is not an Activity Agreement Member, which judgment is subject to the duty to defend

and indemnify specified in the DHCCP Activity Agreement, the party against whom the judgment is awarded has the right to seek contribution from each remaining Activity Agreement Members in proportion to their respective Participation Percentages.

ASSIGNMENT; BINDING ON SUCCESSORS

Except as otherwise provided in the DHCCP Activity Agreement, the rights and duties of the Activity Agreement Member may not be assigned or delegated without the written consent of the Water Authority. Any attempt to assign or delegate rights or duties in contravention of the DHCCP Activity Agreement will be null and void. Any approved assignment or delegation will be consistent with the terms of any contracts, resolutions, indemnities and other obligations of the Water Authority then in effect. The DHCCP Activity Agreement will inure to the benefit of, and be binding upon, the successors and assigns of the Water Authority and the Activity Agreement Members.

CHOICE OF LAW

The DHCCP Activity Agreement will be governed by the laws of the State of California.

SEVERABILITY

If one or more clauses, sentences, paragraphs or provisions of the DHCCP Activity Agreement is held to be unlawful, invalid or unenforceable, the remainder of the DHCCP Activity Agreement will not be affected thereby.

INDENTURE OF TRUST

DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

[TO COME FROM BOND COUNSEL]

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon execution and delivery of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

_____, 2021

San Luis & Delta-Mendota Water Authority
P.O. Box 2157
Los Baños, California 93635

Members of the Board of Directors:

We have examined a certified copy of the record of the proceedings of the San Luis & Delta-Mendota Water Authority (the "Authority") relative to the issuance and sale of the \$ _____ Refunding Revenue Bonds (DHCCP Development Project), Series 2021B, dated the date hereof (the "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 the Authority, the initial purchaser of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds are being issued pursuant to an Indenture of Trust (the "Indenture"), dated as of November 1, 2020, by and between the Authority and MUFJ Union Bank, N.A., as trustee (the "Trustee"). The Bonds mature on the date and in the amount referenced in the Indenture. The Bonds are dated their date of delivery and bear interest payable at maturity, at the rate per annum referenced in the Indenture. The 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 the Authority show lawful authority for the issuance and sale of the Bonds under the laws of the State of California now in force, and the Indenture has been duly authorized, executed and delivered by the Authority, and, assuming due authorization, execution and delivery by the Trustee, as appropriate, the Bonds and the Indenture are valid and binding obligations of the Authority enforceable against the Authority in accordance with their terms.

2. The obligation of the Authority to make the payments of principal of and interest on the Bonds from Revenues (as defined in the Indenture) is an enforceable obligation of the Authority and does not constitute an indebtedness of the Authority 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 on the 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 and corporations. It should be noted that, with respect to corporations, such interest may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of such corporations.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Owner of the Bond 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 corporations, and is exempt from State of California personal income tax.

6. The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable 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 Bond Owner's basis in the applicable 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 Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds 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 on the Bonds are based upon certain representations of fact and certifications made by the Authority and are subject to the condition that the Authority comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to assure that such interest on the 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 on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Authority 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. 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 Bonds for federal income tax purposes with respect to any 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 Bonds.

By delivering this opinion, 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 Bonds or the Indenture, 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 accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on any assets thereunder.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Indenture and the 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.

We are admitted to the practice of law only in the State of California and 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 Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

Respectfully submitted,

APPENDIX D

INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY

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

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The 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 bond will be issued for each annual maturity of the 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 has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 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 certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all 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 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts

such 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 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 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 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 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 the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, 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 the Authority 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 Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

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

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

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE 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 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX E

FORM OF WESTLANDS WATER DISTRICT CONTINUING DISCLOSURE CERTIFICATE

Upon the execution and delivery of the Bonds, Westlands Water District proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

[TO BE INSERTED BY BOND COUNSEL]

APPENDIX F
SPECIMEN MUNICIPAL BOND INSURANCE POLICY

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

RESOLUTION NO. 2020-471

**RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF
REFUNDING REVENUE BONDS AND APPROVING THE EXECUTION
AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION
THEREWITH AND CERTAIN OTHER MATTERS**

WHEREAS, the San Luis & Delta-Mendota Water Authority (the “Authority”), has previously issued refunding revenue bonds (the “2013 Bonds”) which are currently outstanding in the aggregate principal amount of \$28,935,000 to refinance a portion of certain development costs of a conveyance and water conservation project (the “DHCCP Project”) on behalf of Authority members who executed the San Luis & Delta-Mendota Water Authority Delta Habitat Conservation and Conveyance Program Activity Agreement (the “Activity Agreement”); and

WHEREAS, the Board of Directors of the Authority (the “Board”) has determined that it is in the best interest of the Authority to issue refunding revenue bonds (the “Bonds”) to refinance the 2013 Bonds to reduce the interest rate paid by such Activity Agreement members; and

WHEREAS, the Board does hereby determine that authorizing (1) the issuance of revenue bonds to refinance a portion of the cost of the DHCCP Project, (2) the execution of certain documents, and (3) all steps that are reasonably convenient or necessary to issue revenue bonds, does not constitute a project or projects under CEQA because the proposed actions fund continued operation and maintenance of existing facilities within established parameters and represent administrative activities of the Authority that will not result in direct or indirect physical changes in the environment (Section 15378(b)(5) of the CEQA Guidelines); further, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the CEQA Guidelines).

NOW, THEREFORE, BE IT RESOLVED, AS FOLLOWS, THAT:

SECTION 1. Findings. The Board hereby specifically finds and declares that the actions authorized hereby constitute and relate to public affairs of the Authority and that the statements, findings and determinations set forth above and in the preambles of the documents approved herein are true and correct.

SECTION 2. Indenture of Trust. The Indenture of Trust, in substantially the form attached hereto as Exhibit A, is hereby approved. The Chair and the Vice Chair of the Board, the Executive Director and the Chief Operating Officer of the Authority or a written designee of any such officer (each an “Authorized Officer”) are hereby individually authorized and directed to execute and deliver the Indenture of Trust with such changes, insertions and omissions as may recommended by the Authority’s General Counsel or Stradling Yocca Carlson & Rauth, a Professional Corporation as Bond Counsel (“Bond Counsel”) and as may be approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval.

SECTION 3. Purchase Contract. The Purchase Contract, in substantially the form attached hereto as Exhibit B, is hereby approved. The Executive Director, the Chief Operating Officer or a written designee thereof is hereby authorized and directed to execute and deliver the Purchase Contract with such changes, insertions and omissions as may be recommended by the Authority's General Counsel or Bond Counsel and as may be approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval; provided, however that in no event shall the aggregate principal amount of Bonds issued exceed \$37,500,000, nor shall the underwriting discount exceed 0.75% of the principal amount of the Bonds, nor shall the all-in true interest cost on the Bonds exceed 4.0%.

SECTION 4. Escrow Agreement. The Escrow Agreement (2013 Bonds), in substantially the form attached hereto as Exhibit C, is hereby approved. Each Authorized Officer is hereby authorized and directed to execute and deliver the Escrow Agreement (2013 Bonds) with such changes, insertions and omissions as may be recommended by Authority's General Counsel or Bond Counsel and as may be approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval.

SECTION 5. Bonds. The Board hereby authorizes the preparation, sale and delivery of the Bonds in accordance with the terms and provisions of the Indenture of Trust. The Bonds are being issued to refinance public capital improvements and utility projects within the meaning of Government Code Section 6584, et seq., including without limitation Section 6599.3. The Board hereby finds and determines that issuance of the Bonds to refinance such public capital improvements will result in significant public benefits within the meaning of Government Code Section 6586.

SECTION 6. Revised Financing Participant Payment Schedules. Each Authorized Officer is hereby individually authorized and directed to approve, execute and deliver all other documents required to effect the refinancing of the 2013 Bonds, including but not limited to the approval of a revised payment schedule under the Activity Agreement for each Financing Participant (as such term is defined in the Activity Agreement) that will participate in the refinancing of the 2013 Bonds.

SECTION 7. Participation of Activity Members. In the event that an Activity Agreement Member (as such term is defined in the Activity Agreement) that participated in the initial issuance of the 2013 Bonds chooses not to participate in the refinancing of the 2013 Bonds and does not elect to prepay its share of the 2013 Bonds, the Chief Operating Officer and Executive Director are each authorized to accept and hold in trust such Activity Agreement Member's payment of its share of the principal of and interest on the 2013 Bonds, and to deliver such payment to Westlands Water District in accordance with the Activity Agreement. The Chief Operating Officer and Executive Director may each cause the creation of funds and accounts into which such moneys shall be deposited as may be necessary or convenient.

SECTION 8. Good Faith Estimate of Costs. The Board acknowledges that the good faith estimates required by Section 5852.1 of the California Government Code are disclosed in Exhibit D, attached hereto, and have been made available to the public at the meeting at which this Resolution is approved.

SECTION 9. Other Actions. Each Authorized Officer and any other proper officer of the Authority, acting individually, be and each of them is hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and

things necessary or proper in order to consummate the issuance and sale of the Bonds, and for carrying out the transactions contemplated by the Indenture of Trust, the Purchase Contract, the Escrow Agreement (2013 Bonds) and this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

SECTION 10. Trustee. MUFG Union Bank, N.A., San Francisco, California is hereby appointed to act as Trustee under the Indenture of Trust.

SECTION 11. Definitions. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture of Trust unless the context otherwise clearly requires.

SECTION 12. Effect. This resolution shall take effect immediately.

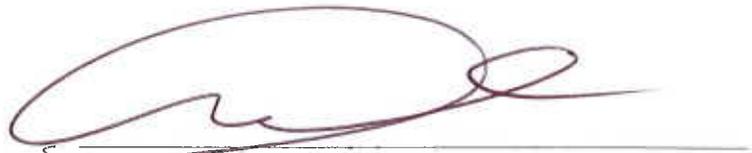
SECTION 13. Recitals. Each of the foregoing recitals is true and correct.

PASSED, APPROVED AND ADOPTED this 8th day of October, 2020, by the Board of Directors of the San Luis & Delta-Mendota Water Authority.

AYES:

NOES:

ABSENT:



Cannon Michael, Chairman
San Luis & Delta-Mendota Water Authority

Attest:



Federico Barajas, Secretary

I hereby certify that the foregoing Resolution No. 2020-471 was duly and regularly adopted by the Board of Directors of the San Luis & Delta-Mendota Water Authority at the meeting thereof held on the 8th day of October, 2020.



Federico Barajas, Secretary