

EXHIBIT A

APPENDIX B

CERTAIN INFORMATION RELATING TO THE CHINO BASIN WATERMASTER

The information set forth below has been provided by the Chino Basin Watermaster (“Watermaster”). The Chino Basin Regional Financing Authority (the “Authority”) makes no representations or warranties as to the accuracy or completeness of any of the information set forth below. Capitalized terms not otherwise defined herein will have the respective meanings ascribed thereto in the Recharge Facilities Financing Agreement dated as of June 1, 2002 (the “Recharge Facilities Agreement”). See APPENDIX D—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Recharge Facilities Agreement” for the definitions of such terms.

General

The Chino Basin. Chino Basin is one of the largest groundwater basins in southern California containing approximately 12,600,000 acre-feet of water. Of that, approximately 1,000,000 acre-feet of space can be accessed by the parties with little, and mitigable, consequences. Parties to the Judgment currently occupy approximately 600,000 acre-feet; approximately 400,000 acre-feet of storage capacity is available for further use. The region relies on Chino Basin to satisfy up to 60% of the water demand. The Chino Basin consists of approximately 235 square miles of the upper Santa Ana River watershed and lies within portions of the counties of San Bernardino, Riverside, and Los Angeles. Approximately 5% of the Chino Basin is located in Los Angeles County, 15% in Riverside County, and 80% in San Bernardino County. The Chino Basin is bounded by the Cucamonga Basin and the San Gabriel Mountains to the north, the Temescal Basin to the south, Chino Hills and Puente Hills to the southwest, San Jose Hills and the Pomona and Claremont Basins on the northwest and the Rialto/Colton Basins on the east. The legal boundaries of the Chino Basin are defined in the Judgment in “Chino Basin Municipal Water District v. City of Chino et. al.” in California State Superior Court for San Bernardino County (the “Court”) Number RCVRS 51010 (formerly Case Number 164327), dated January 27, 1978 (the “Judgment”).

The Chino Basin has a rapidly growing population. As of January 1, 2020, the population of the Chino Basin was approximately 1.2 million, and is estimated to reach approximately 1.3 million by 2030. Watermaster projects the demand for water from the Chino Basin will continue to rise.

Historical Overview. In the 1970s, Chino Basin water users became concerned with increasing water production, a decreasing water supply and declining water quality in the Chino Basin. By 1975, several major Chino Basin water users and the State of California initiated studies of the problem of allocating water rights within the Chino Basin, and began to negotiate a solution. During the negotiations, three pools of Chino Basin water users with similar interests in the allocation of the Chino Basin emerged: (i) agricultural users, including dairy farmers and the State of California (the “Agricultural Pool”), (ii) industrial users (the “Non-Agricultural Pool”), and (iii) municipal water providers and other government entities (the “Appropriative Pool”) (the Agricultural Pool, the Non-Agricultural Pool and the Appropriative Pool are sometimes collectively referred to herein as the “Pools” and each individually as a “Pool”).

On January 2, 1975, several Chino Basin producers filed suit in the Court to settle the problem of allocating water rights in the Chino Basin. On January 30, 1978, the Court entered the Judgment adjudicating water rights in the Chino Basin and establishing Watermaster.

Watermaster is a Court created entity established pursuant to the Judgment. The Judgment adjudicated all groundwater rights in the Chino Basin and contains a physical solution to meet the requirements of water users having rights in or dependent upon the Chino Basin, and appointed Watermaster to account for and implement the management of the Chino Basin. The Judgment declared that the Initial Operating Safe Yield (“Safe Yield” refers to the amount of water that can safely be drawn from the aquifer) of the Chino Basin is 140,000 acre feet per year, which is allocated (i) 82,800 acre feet per year to the Agricultural Pool, (ii) 7,366

acre feet per year to the Non-Agricultural Pool, and (iii) 54,834 acre feet per year to the Appropriative Pool. In March 2019, the Safe Yield was reset from 140,000 acre feet to 135,000 acre feet, which allocated (i) 82,800 acre feet per year to the Agricultural Pool, (ii) 7,366 acre feet per year to the Non-Agricultural Pool, and (iii) 49,834 acre feet per year to the Appropriative Pool.

Organization, Purposes and Powers

Optimum Basin Management Program. Under Paragraph 41 of the Judgment, Watermaster has the authority to develop an Optimum Basin Management Program for the Chino Basin, which Watermaster submitted to the Court on September 22, 1999 (the “OBMP”). The Peace Agreement regarding the Chino Basin dated June 29, 2000 (the “Peace Agreement”), further clarifies Watermaster’s commitments and sets forth the adoption and implementation of the OBMP. The OBMP provides a strategy for increasing the quality and quantity of water within the Chino Basin through the implementation of nine elements of the OBMP strategy: (i) a groundwater monitoring program, (ii) a recharge program, (iii) supplying water to impaired areas of the Chino Basin, (iv) separating and managing the Chino Basin groundwater basin by management zones, (v) a regional supplemental water program, (vi) cooperative programs to improve management of the Chino Basin, (vii) a salt management program, (viii) a groundwater storage management program, and (ix) conjunctive-use programs. The recharge program element of the OBMP includes improvements to facilities to increase recharge in the Chino Basin by capturing more storm water and importing water to deposit into storage in the Chino Basin. Watermaster entered into the Recharge Facilities Agreement as part of the recharge program of the OBMP.

Assessments. Watermaster has express powers and duties provided in the Judgment, and as additionally ordered or authorized by the Court in exercise of the Court’s continuing jurisdiction, including without limitation the power to (i) levy and collect assessments in amounts sufficient to replace water production in excess of allocated safe yields with supplemental water (“Replenishment Assessments”), (ii) levy and collect assessments for Watermaster and Pool administration (“Administrative Assessments”), and (iii) levy and collect assessments for the implementation of the OBMP (the “OBMP Assessments”) (Replenishment Assessments, Administrative Assessments and OBMP Assessments are sometimes collectively referred to herein as the “Assessments”). See the caption “—Sources of Revenues.”

Watermaster Board and Committees. Under the Judgment, the Board of Directors of Chino Basin Municipal Water District, predecessor to Inland Empire Utilities Agency (“IEUA”), was originally appointed to act as Watermaster. In 1998, the Court appointed a nine-member Watermaster board consisting of representatives from each of the Agricultural Pool, the Non-Agricultural Pool, the Appropriative Pool, and three municipal water districts (the “Board”). See the caption “Board of Directors, Management and Employee Relations — Watermaster Board.” Under the Judgment, the Pools are each represented by a separate committee comprised of such Pool’s members (each a “Pool Committee” and collectively, the “Pool Committees”). The composition of each Pool Committee is determined according to each Pool’s respective pooling plan. Each Pool Committee has the opportunity to approve the Watermaster budget for its Pool for each Fiscal Year.

In addition to the Pool Committees, each of the Pools is represented on a committee called the “Advisory Committee.” The Advisory Committee acts on all matters that affect more than one Pool before such matters are forwarded to the Watermaster Board for action. Voting on the Advisory Committee consists of 100 votes allocated to the respective Pools based on the proportion of total Assessments paid to Watermaster during the preceding year, provided that the minimum number of votes is 20 votes for the Agricultural Pool, 20 votes for the Appropriative Pool and 5 votes for the Non-Agricultural Pool. The Advisory Committee must approve and recommend to the Board the budget for Watermaster for each Fiscal Year.

Board, Management and Employee Relations

Watermaster Board. The current nine member Board, their producer affiliation and brief biographies are set forth below.

CHINO BASIN WATERMASTER BOARD

<i>Board Member</i>	<i>Designation</i>	<i>Party</i>
Jeff Pierson, Chair	Agricultural Pool	Crops
James Curatalo, Vice-Chair	Appropriative Pool	Fontana Union Water Company
Bob G. Kuhn, Secretary/Treasurer	Municipal Water Districts	Three Valleys Municipal Water District
Robert Bowcock	Non-Agricultural Pool	Vulcan Materials
Victor Preciado	Appropriative Pool	City of Pomona
Steven J. Elie	Municipal Water Districts	Inland Empire Utilities Agency
Don Galleano	Municipal Water Districts	Western Municipal Water District
Paul Hofer	Agricultural Pool	Crops
Peter Rogers	Appropriative Pool	City of Chino Hills

Jeff Pierson, Chair. Mr. Jeffrey Pierson represents the Overlying Agricultural Pool on the Watermaster Board. He has been involved in both the Dairy and Farming industries within the Chino Basin for over three decades. He has participated as an officer of the Overlying Agricultural Pool and Advisory Committee throughout this period and has been involved with the evolution of Watermaster to its present-day configuration.

Mr. Pierson represents one of the largest property owners in the Chino Basin. Over the course of his career, he has been responsible for supervising and coordinating the production aspects of large scale real estate development, including land entitlements, engineering studies and documentation, land planning and architecture, construction management and general contracting, along with the acquisition and disposition of raw and finished product. He serves as the Principle-in-Charge of individual development projects controlled or managed by Unitex Management Corp., the Intex family of corporations and partnerships, and Eastvale Development Company.

James Curatalo, Vice-Chair. Mr. James V. Curatalo, Jr. was elected to the Cucamonga Valley Water District (“CVWD”) Board of Directors in November 1999. He represents Division 5 and currently serves on the Water Resources Committee and the Human Resources/Risk Management Committee. Director Curatalo represents CVWD as the regular special district member for the County of San Bernardino, Local Agency Formation Commission (LAFCO), where he serves as Vice-Chairman of the Commission. Mr. Curatalo also serves as the Chairman of the Fontana Union Water Company, a mutual water agency in which CVWD is the majority shareholder. As a representative of the Fontana Union Water Company, he was appointed to the Chino Basin Watermaster and currently serves as Vice-Chair.

Vice-Chair Curatalo is a retired battalion chief from the Rancho Cucamonga Fire Protection District. His background and experience include fire safety, technical rescue, hazardous material incident management, and he has served as a training officer for his department. Prior to his employment with the Fire District, he was a contractor operating his own business in the San Gabriel Valley.

Bob G. Kuhn, Secretary/Treasurer. Bob Kuhn has been a resident of Glendora for over 30 years and served eight years on the Glendora City Council, most notably as Mayor in 1990-91 and 1993-94. He was a delegate to the League of California Cities, San Gabriel Valley Association of Cities, and Southern California Association of Governments. He is a member and past President of Foothill Transit and has served as President for the Independent Cities Risk Management Authority. Director Kuhn has been a member of the Glendora Planning Commission, the East San Gabriel Valley Planning Committee and alternate member for the Local

Agency Formation Commission. He is also a member of the Foothill Presbyterian Hospital Men's Club. Director Kuhn is President of a Glendora based insurance agency.

Robert Bowcock. Mr. Robert Bowcock represents the Non-Agricultural Pool. Mr. Robert Bowcock has served on several Watermaster Boards since 1990. Mr. Bowcock currently represents municipal, industrial and commercial parties in the Chino, San Gabriel, Raymond, Mojave, Central and West Los Angeles, Upper Los Angeles River, Santa Clara and San Diego River Basin Judgments in California. Mr. Bowcock founded Integrated Resource Management, LLC in 1997 after serving as a Water Utility Manager in Azusa (1991-97) and Huntington Park (1987-91), California. Mr. Bowcock worked for the Metropolitan Water District of Southern California (1982-87), and as a United States Army Civil Affairs Team Leader designed and constructed water treatment and distribution systems for various federal branches of government in Southeast Asia and South America. Mr. Bowcock is a licensed California Grade V Water Treatment Operator and maintains various other water industry licenses and certifications. Mr. Bowcock routinely provides expert witness testimony to both state and federal courts and conducts research and writes reports for legal firms in the specific area of water resource management.

Victor Preciado, Member. Councilmember Victor Preciado represents the City of Pomona's District 2. He currently serves on the boards of the Spadra Basin Watermaster, the Pomona Valley Protection Agency, the Pomona Walnut Rowland JPA, and the Six Basins Watermaster. Mr. Preciado also serves on the board of the Downtown Pomona Owners Association.

Steven J. Elie. Mr. Elie was elected to serve on the Inland Empire Utilities Agency's Board of Directors in November, 2010, and currently serves as the Secretary/Treasurer. He represents Division 3 - the City of Chino, the City of Chino Hills, and portions of Ontario. He joined the Chino Basin Watermaster Board in January of 2011.

Mr. Elie also serves as a Committee member on the Community and Legislative Affairs Committee, the Finance and Administration Committee, the Agency's representative to the Association of San Bernardino County Special Districts, and as alternate representative to the Southern California Water Coalition. Mr. Elie also serves as Vice President of the Chino Basin Regional Financing Authority and serves as Board Member on the Chino Basin Water Bank JPA.

Mr. Elie is an attorney who regularly represents public entities and public utility regulated entities in complex, multiparty litigation and administrative matters, including soil and groundwater contamination.

Don Galleano. Don Galleano has been a public servant in Riverside County for more than 40 years. In 2004, he was elected to the Western Municipal Water District (Western) Board of Directors after serving nearly 25 years on the Jurupa Community Services District Board. He represents Western's Division #4, which includes the cities of Eastvale, Jurupa Valley and Norco. Don Galleano's current term on the Western Municipal Water District Board expires in December 2020.

As Western's sole representative on the Metropolitan Water District of Southern California Board, Don Galleano is responsible for acting on behalf of the interests of the nearly one million customers who receive their water both directly and indirectly from Western. Currently, he serves on Metropolitan's Engineering & Operations, Agriculture and Industry Relations, Communications and Legislation and Integrated Resources Planning committees. Galleano is past president of the Western Riverside County Businessman's Association and the Jurupa Chamber of Commerce. He is currently serving on the National Orange Show Foundation Board and the Los Angeles County Fair Association Board and is the Chairman of the Pacific Rim Wine Competition.

Don Galleano is a third-generation winegrower at the Historic Cantu-Galleano Ranch, home to Galleano Winery.

Paul Hofer. Mr. Paul Hofer represents the Agricultural Pool. Mr. Hofer currently serves on the Board of Directors for the Inland Empire Utilities Agency, District 2. Mr. Hofer previously served on the Chino Basin Water Conservation District Board of Directors for over 20 years as both President and Vice President. Mr. Hofer is a resident of Ontario where he has spent his lifetime career as a farmer.

Peter Rogers. Mr. Peter Rogers was elected to the Chino Hills City Council in 2006, and was re-elected in 2010, 2014, and 2018. He has served three terms as Mayor. He began his public service on the City's Parks and Recreation Commission in 1998 after interacting with the Commission for many years as President of Canyon Hills Little League.

Mr. Rogers served on the Chino Basin Watermaster Board in 2012 and 2013. He has also served as Chair, Vice Chair, and Board Member of the Chino Desalter Authority (CDA), and the Water Facilities Authority (WFA). He represents Chino Hills on the Policy Committee of the Inland Empire Utilities Agency (IEUA).

Mr. Rogers is a member and Past President of the Rancho Del Chino Rotary Club. Council Member Rogers is the Chair of the Chino Hills Community Foundation, which was founded in 2008. He founded chARTS, the Arts Committee of the Foundation in 2013. Council Member Rogers and his wife Merry have lived in Chino Hills since 1986. He is a small business owner. His Chino Hills-based company, Peter Rogers Photography, serves the advertising and public relations needs of many major corporations.

Employees/Management. Watermaster currently employs a staff of ten employees, headed by the General Manager, to conduct the day-to-day business and technical activities of Watermaster. From time to time, as necessary to perform its duties, Watermaster also engages the services of consultants for special projects and in areas where specialized expertise are necessary. Watermaster is composed of the following officers:

General Manager – Peter Kavounas, PE

Chief Financial Officer – Joseph S. Joswiak, MBA

Peter Kavounas, General Manager. Mr. Kavounas was hired as the General Manager of Chino Basin Watermaster on September 4, 2012. Mr. Kavounas has over 30 years' experience and is a licensed Professional Engineer in the State of California. He worked for the Los Angeles Department of Water and Power as the Eastern Sierra Environmental Issues Manager, and subsequently for the City of Glendale's Water and Power Department as the Assistant General Manager-Water Services.

Mr. Kavounas has a Bachelor of Science degree in Civil Engineering from the University of Minnesota, a Master of Engineering-Structural from UC Berkeley, and a Master of Science-Water Resources from USC. He is also a graduate of Leadership Southern California Class XII.

Joseph S. Joswiak, Chief Financial Officer. Mr. Joswiak joined the Chino Basin Watermaster as CFO on April 5, 2010. Under the direction of the General Manager, the CFO provides leadership, coordination and administration of all functional activities and policies related to treasury and finance, accounting, budgeting, human resources, risk management and administrative functions of the organization. Mr. Joswiak has worked in both the public and private sectors and has a diversified career in finance and administration with more than 35+ years in manufacturing, transportation, banking, professional services and hospital management industries.

Prior to joining Chino Basin Watermaster, Mr. Joswiak was the Financial Services Manager/Assistant Treasurer for Fleetwood Enterprises, Inc., a former Fortune 500 company and the nation's leading producer of manufactured housing and recreational vehicles. He was also the Vice President of Finance and Administration for Cofiroute USA, formerly California Private Transportation Company ("CPTC"), which owned and operated the highly acclaimed 91 Express Lanes - the world's first fully automated toll highway.

Mr. Joswiak's past professional affiliations include management positions with Notting America, Inc.; CU Cooperative Systems, Inc.; California Credit Union League; Care Enterprises, Inc.; and Sony Corporation. Additionally, he served four years in the United States Navy assigned to the Naval Support Force Antarctica, which included deployments "on the ice" at McMurdo Station, Antarctica.

Mr. Joswiak earned an MBA from the University of Redlands, and received his Bachelor of Arts in Business Administration from California State University, Fullerton.

Employee Benefits. Permanent Watermaster employees earn from 10 to 20 vacation days a year, depending on length of employment, and 12 sick days per year. In addition, Watermaster pays for 10 observed and 2 floating holidays. Employees may carry vacation days forward up to the equivalent number of days earned in the immediately preceding twenty-four month period. There is no maximum accumulation of sick leave. Upon separation from employment, except by retirement, employees who have been employed for five (5) or more years of continuous regular and/or introductory employment will be paid at their current rate of pay for twenty five (25) percent of their accrued unused sick leave. Employees who are terminated for cause, or resign in lieu of termination shall not be paid for accrued sick leave in any case. Employees who retire at or after age 55 with a minimum of five (5) years of continuous regular and/or introductory employment will be paid at their current base rate of pay for fifty percent (50%) of their accrued, unused sick leave, up to a maximum of 600 hours, and for one hundred percent (100%) of their accrued unused sick leave if retiring with a minimum of twenty (20) years of continuous regular and/or introductory employment, up to a maximum of 600 hours.

Deferred Compensation Plan. Watermaster has established a deferred compensation plan for all employees of Watermaster in accordance with Internal Revenue Code Section 457. Under such plan, employees authorize the Watermaster to defer a portion of their salary to be deposited in individual investment accounts. Participation in the plans is voluntary and may be revoked at any time upon advance written notice. Watermaster makes no contribution under the plan. Watermaster employees can also participate in the 401(a) Retirement Plan which could allow contributions to be made by the employee, Watermaster, or both. Currently, Watermaster does not contribute any funds towards the 401(a) Retirement Plan.

As of June 30, 2019, the deferred compensation plan assets were held in trust accounts for the sole benefit of the employees and their beneficiaries, and accordingly have been excluded from the Watermaster's reported assets.

Defined Benefit Pension Plan. Watermaster contributes to the California Public Employees' Retirement System ("PERS"), agent multiple-employer public employee defined benefit pension plan. Watermaster's defined benefit pension plan is identified as the Miscellaneous Plan of the Chino Basin Watermaster (the "Watermaster Plan"). PERS provides retirement, disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the state of California.

Benefit provisions, and all other requirements, are established by State statutes within the Public Employees' Retirement Law and the Watermaster contract with employee bargaining groups. PERS issues a separate comprehensive annual financial report. Copies of the PERS' annual financial report may be obtained from the PERS Executive Office - 400 "Q" Street - Sacramento, CA 95811.

At June 30, 2019, 10 active employees and no inactive employees were covered by the Watermaster Plan.

Watermaster is required to contribute the actuarially determined remaining amounts necessary to fund the retirement benefits for its members. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration.

The Watermaster's Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<i>Miscellaneous Plan</i>	
	<i>Classic</i>	<i>PEPRA</i>
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.000%	6.25%
Required employer contribution rates	10.110%	6.533%

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates, for all public employers, be determined on an annual basis by the actuary and shall be effective on July 1 following notice of the change in rate. Funding contributions for the Watermaster Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Watermaster is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the fiscal years ended June 30, 2019 and 2018, the contributions recognized as part of pension expense for the Watermaster Plan was as follows:

	<i>Miscellaneous Plan</i>	
	<i>2019</i>	<i>2018</i>
Contributions – employer	\$173,396	\$151,517

As of June 30, 2019 and 2018, the Watermaster reported net pension liabilities for its proportionate share of the net pension liability of the Watermaster Plan as follows:

	<i>2019</i>	<i>2018</i>
Miscellaneous Plan	\$1,188,162	\$1,210,470

The Watermaster's net pension liability for the Watermaster Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Watermaster Plan is measured as of June 30, 2018 (the measurement date), and the total pension liability for the Watermaster Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 (the valuation date), rolled forward to June 30, 2018, using standard update procedures.

The Watermaster's proportion of the net pension liability was based on a projection of the Watermaster's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the fiscal year ended June 30, 2019, the Watermaster recognized pension expense of \$242,896.

As of June 30, 2019, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of \$173,396, and will be recognized as a reduction of the net pension liability in the Fiscal Year ended June 30, 2020.

At June 30, 2019, other amounts reported as deferred outflows and inflows of resources related to the pensions, which will be recognized as pension expense as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Deferred Net Outflows/(Inflows) of Resources</i>
2020	\$123,662
2021	79,996
2022	(33,544)
2023	(10,687)

The total pension liabilities were determined by actuarial valuations as of June 30, 2017, which were rolled forward to June 30, 2018, using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.15%
Inflation rate	2.50%
Salary increases	Varies by Entry Age and Service
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Period Upon Which Actuarial Experience Survey Assumptions Were Based	1997-2011
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

* The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of Scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

As of June 30, 2019, the Watermaster's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, is as follows:

	<i>Discount Rate - 1% 6.15%</i>	<i>Current Discount Rate 7.15%</i>	<i>Discount Rate + 1% 8.15%</i>
Watermaster's Net Pension Liability	\$1,851,236	\$1,188,162	\$640,805

For information concerning the discount rate, and deferred outflows and deferred inflows of resources related to pensions, see Note 9 to the Watermaster's audited financial statements attached hereto as Appendix B-1.

As of June 30, 2019, Watermaster had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

For more information with respect to the Watermaster’s Plan, see Note 9 to the Watermaster’s audited financial statements attached hereto as Appendix B-1.

Other Post-Employment Benefits. Watermaster also provides a defined benefit Other Post-Employment Benefit (OPEB) Plan (“OPEB Plan”) which provides OPEB for all permanent and vested full-time employees. The OPEB Plan is a single-employer defined benefit OPEB plan administered by the Watermaster. The Watermaster’s Board has the authority to establish and amend the benefit terms and financing requirements of the OPEB Plan. Watermaster participates in a CalPERS Health Program, a community-rated program for its medical coverage. Watermaster does not have an OPEB trust established and no assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The OPEB Plan provides a contribution equal to 50% of the retiree only costs for eligible retirees and surviving spouses in receipt of a pension benefit from CalPERS. An employee is eligible for this employer contribution provided they are vested in their CalPERS pension benefit and commence payment of their pension benefit within 120 days of retirement from the Watermaster.

Vesting requires at least 5 years of CalPERS total service. The surviving spouse of an eligible retiree who elected spouse coverage under CalPERS is eligible for the employer contribution upon death of the retiree. Board members during or prior to 1994 are also eligible for a Watermaster contribution at retirement.

At June 30, 2019, the following employees were covered by the benefit terms:

	2019
Active employees	9
Inactive employees or beneficiaries currently receiving benefit payments	<u>5</u>
Total plan membership	14

The Watermaster’s total OPEB liability of \$214,783 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

The total OPEB liability in the June 30, 2019 actuarial valuation, which was measured at December 31, 2018, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	December 31, 2017
Measurement Date	December 31, 2018
Actuarial cost method	Entry Age Normal cost method in accordance with the requirements of GASB Statement No. 75
Inflation	2.75% per annum
Salary increases	3.0% per annum, in aggregate
Discount rate	3.80%; the discount rate is based on the resulting rate using the average of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Byer 20-Bond GO Index, Fidelity GO AA 20 Year Bond Index
Healthcare cost trend rates	6.0% and 6.5% for HMO and PPO, respectively as of June 30, 2019, decreasing 0.5% per year to an ultimate rate of 5.0% for both HMO and PPO as of June 30, 2022 and later years.

Changes in the net OPEB Liability as of June 30, 2019 (measured at December 31, 2018) were as follows:

	<i>Increase (Decrease)</i>		
	<i>Total OPEB Liability (a)</i>	<i>Plan Fiduciary Net Position (b)</i>	<i>Net OPEB Liability/(Asset) (c) = (a) - (b)</i>
Balance at July 1, 2018	<u>\$ 208,799</u>	<u>\$ -</u>	<u>\$ 208,799</u>
Changes during the year:			
Service cost	18,418	-	18,418
Interest	7,571	-	7,571
Changes in assumptions	(17,582)	-	(17,582)
Contributions - employer	-	2,423	(2,423)
Benefit payments	<u>(2,423)</u>	<u>(2,423)</u>	<u>-</u>
Net changes	<u>5,984</u>	<u>-</u>	<u>5,984</u>
Balance at June 30, 2019	<u>\$ 214,783</u>	<u>\$ -</u>	<u>\$ 214,783</u>

The following presents the net OPEB liability of the Watermaster as of June 30, 2019, as well as what the Watermaster's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.80%) or 1-percentage-point higher (4.80%) than the current discount rate:

	<i>Discount Rate - 1% 2.80%</i>	<i>Current Discount Rate 3.80%</i>	<i>Discount Rate + 1% 4.80%</i>
Net OPEB Liability	\$256,653	\$214,783	\$181,827

The following presents the net OPEB liability of the Watermaster as of June 30, 2019, as well as what the Watermaster's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<i>1% Decrease</i>	<i>Current</i>	<i>1% Increase</i>
		Healthcare Cost Trend	
	5% HMO/ 5.50% PPO decreasing to <u>4% HMO/PPO</u>)	Rates (6% HMO 6.50% PPO decreasing to <u>5% HMO/PPO</u>)	7% HMO/ 7.50% PPO decreasing to <u>6% HMO/PPO</u>)
Net OPEB Liability	<u>\$ 174,054</u>	<u>\$ 214,783</u>	<u>\$ 268,910</u>

For the fiscal year ended June 30, 2019, the Watermaster recognized OPEB expense of \$25,514.

At June 30, 2019, the Watermaster had no outstanding amount of contributions required to the OPEB plan.

For more information with respect to Watermaster's OPEB, see Notes 6 and 10 to the Watermaster's audited financial statements attached hereto as Appendix B-1.

Sources of Revenues

The main sources of revenues of Watermaster are Assessments. Watermaster levies and collects (i) Administrative Assessments, (ii) OBMP Assessments, and (iii) Replenishment Assessments. Watermaster has covenanted in the Recharge Facilities Agreement to fix, prescribe and collect an OBMP Assessment for Fixed Project Costs at least 1.25 times the Watermaster Share of Fixed Project Costs as defined in the Recharge Facilities Agreement.

Administrative Assessments. Administrative Assessments are categorized under Paragraph 54 of the Judgment as either (i) general Watermaster administrative expenses, or (ii) special project expenses. General Watermaster administrative expenses include office rental, general personnel expense, supplies and office equipment, and related incidental expense and general overhead. Special project expenses are comprised of special engineering, economic or other studies, litigation expense, meter testing or other major operating expenses. Such administrative expenses are allocated and assessed against the respective Pools based upon allocations made by the Watermaster. Special project expenses are allocated to a specific Pool by express assent and a finding of benefit by the applicable Pool Committee, or pursuant to written order of the Court.

Optimum Basin Management Assessments. OBMP Assessments are allocated by Watermaster to the Pools to implement the OBMP, including OBMP Assessments to be levied and collected by Watermaster pursuant to the Recharge Facilities Agreement. The Peace Agreement states that OBMP Assessments are categorized as Administrative Assessments under the Judgment. Watermaster collects the Watermaster Share of Fixed Project Costs as a part of OBMP Assessments.

Replenishment Assessments. Watermaster levies Replenishment Assessments to purchase replenishment water to replace production by any Watermaster Party during the preceding year which exceeds such Party's allocated production right. Each Party is assessed only the amount necessary for the cost of replenishment water at the rate available to meet the replenishment obligation.

The following table sets forth the historic Assessments Revenues of Watermaster for Fiscal Years 2015 through 2019.

**CHINO BASIN WATERMASTER
Historic Assessments Revenues**

<i>Fiscal Year (Ending June 30)</i>	<i>Administrative Assessments</i>	<i>Replenishment Assessments</i>	<i>OBMP Assessments</i>	<i>Total</i>
2019	\$2,139,484	\$ 927,239	\$6,551,288	\$ 9,618,011
2018	2,178,285	858,518	6,589,542	9,626,345
2017	2,089,784	1,544,862	8,107,810	11,742,456
2016	1,957,283	3,610,692	7,226,831	12,794,806
2015	1,970,758	1,903,179	5,553,748	9,427,685

Source: Watermaster.

The following table sets forth the projected assessment revenues of Watermaster for Fiscal Years June 30, 2020 through 2024.

**CHINO BASIN WATERMASTER
Projected Assessment Revenues
For Fiscal Year Ending June 30**

	<i>Administrative Assessments</i>	<i>Replenishment Assessments</i>	<i>OBMP Assessments</i>	<i>Total</i>
2020	\$2,227,865	\$3,445,942	\$5,671,490	\$11,345,297
2021	2,294,701	3,549,320	5,756,562	11,600,583
2022	2,363,542	3,655,800	5,842,911	11,862,253
2023	2,434,448	3,765,474	5,930,554	12,130,476
2024	2,507,482	3,878,438	6,019,513	12,405,433

Source: Watermaster.

Since the development of the OBMP, Assessments have been dramatically increased to cover the costs of implementing the OBMP and the Peace Agreement. The OBMP Assessment increases projected above include amounts to pay the Watermaster Share of debt service on the Bonds allocable to Watermaster under the Recharge Facilities Agreement. See the caption "SECURITY FOR THE BONDS — Recharge Facilities Agreement."

Billing and Collection of Assessments

Payment of Assessments. Watermaster typically bills the applicable parties within each pool for Assessments once per year, in either November or December. Each invoice is payable within 30 days. The Assessments are the obligations of the parties or successors owning the water production facilities at the time written notice of Assessment is given, unless prior arrangement for payment by others has been made in writing and filed with Watermaster.

Delinquency of Assessments. Any Assessment owed to Watermaster which is not paid within 30 days after notice bears interest at 10% per annum (or such greater rate as shall equal the average current cost of borrowed funds to Watermaster) from the due date thereof. Such delinquent Assessments and interest may be collected by Watermaster in a show-cause proceeding by Watermaster provided for in the Judgment, in which case the Court may allow Watermaster its reasonable costs of collection, including attorney's fees.

Investments. The Judgment provides that Watermaster may hold and invest any and all Watermaster funds in investments authorized for public agencies of the State of California. California State statutes and the Watermaster’s investment policy authorize Watermaster to invest in certificates of deposit with financial institutions having an operating branch within Watermaster geographic area, and the State of California Treasurer’s Investment pool, the Local Agency Investment Fund (“LAIF”). The Watermaster is a voluntary participant in LAIF. As of June 30, 2019, Watermaster had a deposit balance with LAIF of \$9,470,714. The balance available for withdrawal is based on the investment accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Financial Information

Audited Financial Statements. A copy of the most recent financial statements of Watermaster (the “Financial Statements”) audited by Fedak & Brown LLP, Cypress, California (the “Auditor”) and accompanying Independent Auditor’s 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 dated October 24, 2019 are included as Appendix B-1 to the Official Statement. The Financial Statements include a statement that the Auditor conducted an audit of the Financial Statements in accordance with auditing standards generally accepted in the United States of America. The Auditor opines that the Financial Statements present fairly, in all material aspects, the respective financial position of the Watermaster, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. The Financial Statements include certain notes to the financial statements which may not be fully described below under the subheading “Significant Accounting Policies” or in the footnotes to the Tables. Such notes constitute an integral part of the Financial Statements. The Auditor’s consent to inclusion of the Financial Statements in the Official Statement was not requested.

Significant Accounting Policies. Governmental accounting systems are organized and operated on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations restrictions or limitations.

The Financial Statements are prepared on the modified accrual basis of accounting. Revenues are accrued when they become both measurable and available. “Available” means collected in the current period or soon enough thereafter to pay for the expenditures incurred during the current period. Expenditures are recorded when the related liability for goods or services received is incurred.

Watermaster accounts for moneys received and expenses paid in accordance with generally accepted accounting principles applicable to governmental agencies such as Watermaster (“GAAP”). In certain cases GAAP requires or permits moneys collected in one Fiscal Year to be recognized as revenue in a subsequent Fiscal Year and requires or permits expenses paid or incurred in one Fiscal Year to be recognized in a subsequent Fiscal Year. See “APPENDIX B-1 — COMPREHENSIVE ANNUAL FINANCIAL REPORT OF WATERMASTER FOR THE FISCAL YEAR ENDED JUNE 30, 2019 AND AUDITOR’S REPORT RE INTERNAL CONTROLS.” Except as otherwise expressly noted herein, all financial information derived from Watermaster’s audited financial statement reflect the application of GAAP.

See the Financial Statements attached hereto as Appendix B-1 for a discussion of other accounting practices of Watermaster.

Historic Operating Results

The following table is a summary of historic operating results of Watermaster for the past five Fiscal Years. Data for all five Fiscal Years are from audited financial statements. These results have been derived

from Watermaster financial statements, but exclude certain non-cash items and include certain other adjustments. The table has not been audited by Watermaster’s auditor.

Watermaster has covenanted in the Recharge Facilities Agreement to fix, prescribe and collect OBMP Assessments for the Watermaster Share of Fixed Project Costs at least equal to at least 1.25 times the Watermaster Share of Fixed Project Costs. Watermaster has not entered into any other financial covenants under the Recharge Agreement with respect to payment of the Watermaster Share of Fixed Project Costs.

**CHINO BASIN WATERMASTER
HISTORIC OPERATING
RESULTS
For Fiscal Years Ended June 30**

	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
<u>Revenues:</u>					
OBMP Assessments	\$ 5,553,748	\$ 7,226,831	\$ 8,107,810	\$ 6,589,542	\$ 6,551,288
Replenishment Assessments	1,903,179	3,610,692	1,544,862	858,518	927,239
Administrative Assessments	1,970,758	1,957,283	2,089,784	2,178,285	2,139,484
Interest	23,370	31,782	70,656	154,744	275,394
Other	<u>155,608</u>	<u>157,349</u>	<u>159,631</u>	<u>195,322</u>	<u>167,833</u>
Total Revenues	\$ 9,606,663	\$ 12,983,937	\$ 11,972,743	\$ 9,976,411	\$ 10,061,238
<u>Expenses:</u>					
OBMP Expenses	\$ 4,334,189	\$ 5,351,386	\$ 5,735,769	\$ 5,188,228	\$ 7,263,202
Fixed Project Costs ⁽¹⁾	415,978	304,376	386,803	457,644	516,021
Replenishment	1,151,196	2,540,000	4,120,973	763,169	619,110
Watermaster Administration	1,307,336	1,626,653	1,877,257	2,155,544	2,541,487
Pool Administration	613,666	546,697	608,038	578,670	675,901
Other ⁽²⁾	<u>104,866</u>	<u>537,281</u>	<u>312,625</u>	<u>78,397</u>	<u>57,732</u>
Total Expenses	\$ 7,927,231	\$ 10,906,393	\$ 13,041,465	\$ 9,221,652	\$ 11,673,453
Net Revenues	\$ 1,679,432	\$ 2,077,544	\$ (1,068,722)	\$ 754,759	\$ (1,612,215)
Fixed Project Costs Coverage Ratio ⁽³⁾	13.35	23.74	20.96	14.4	12.70

(1) Includes amounts payable under the Recharge Facilities Agreement as Watermaster Share of Fixed Project Costs.

(2) Fiscal Year includes excess reserves refunded to the parties and other post-employment benefits (“OPEB”) expenses.

(3) Calculated by dividing OBMP Assessments by Watermaster Share of Fixed Project Costs.

Source: Watermaster.

Projected Operating Results

Watermaster’s estimated projected operating results for the current and next four Fiscal Years are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents Watermaster’s estimate of the projected financial results based upon Watermaster’s judgment of the most probable occurrence of certain important future events. The assumptions set forth in the footnotes to the chart below are material in the development of financial projections for Watermaster, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

**CHINO BASIN WATERMASTER
Projected Operating Results
For Fiscal Years Ended June 30,**

	<i>2020⁽¹⁾</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Revenues:					
OBMP Assessments ⁽²⁾⁽⁴⁾	\$ 5,671,490	\$ 5,756,562	\$ 5,842,911	\$ 5,930,554	\$ 6,019,513
Replenishment Assessments ⁽³⁾	3,445,942	3,549,320	3,655,800	3,765,474	3,878,438
Administrative Assessments ⁽⁵⁾	2,227,865	2,294,701	2,363,542	2,434,448	2,507,482
Interest ⁽⁶⁾	75,124	77,753	80,475	83,291	86,207
Other	<u>171,906</u>	<u>176,204</u>	<u>180,609</u>	<u>185,124</u>	<u>189,752</u>
Total Revenues	\$ 11,592,327	\$ 11,854,541	\$ 12,123,336	\$ 12,398,892	\$ 12,681,391
Expenses:					
OBMP Expenses ⁽⁴⁾	\$ 5,113,050	\$ 5,189,746	\$ 5,267,592	\$ 5,346,606	\$ 5,426,805
Fixed Project Costs ⁽⁷⁾⁽⁸⁾	558,440	586,362	615,680	646,464	678,787
Replenishment Water Purchases ⁽³⁾	3,445,942	3,549,320	3,655,800	3,765,474	3,878,438
Watermaster Administration ⁽⁵⁾	1,446,650	1,490,050	1,534,751	1,580,794	1,628,217
Pool Administration ⁽⁵⁾	723,873	745,589	767,957	790,996	814,725
Other	<u>75,000</u>	<u>78,750</u>	<u>82,688</u>	<u>87,483</u>	<u>91,858</u>
Total Expenses	\$ 11,362,955	\$ 11,639,817	\$ 11,924,467	\$ 12,217,816	\$ 12,518,831
Net Revenues	\$ 229,372	\$ 214,724	\$ 198,869	\$ 181,076	\$ 162,561
Fixed Project Costs Coverage Ratio⁽⁹⁾	10.16	9.82	9.49	9.17	8.87

(1) Fiscal Year 2020 projection based on actual and anticipated revenues and expenses for Fiscal Year 2020.

(2) Includes OBMP Assessments sufficient to pay the Watermaster Share of Fixed Project Costs under the Recharge Facilities Agreement.

(3) Projected to vary each year.

(4) Projected to increase at 1.5% per annum from Fiscal Year 2020 projected amounts.

(5) Projected to increase at 3.0% per annum from Fiscal Year 2020 projected amounts.

(6) Interest income varies each year based on projected cash balance.

(7) Includes amounts payable as the Watermaster Share of Fixed Project Costs under Recharge Facilities Agreement.

(8) Includes amounts payable as the Watermaster Share of Fixed Project Costs under the Recharge Facilities Agreement, including the Watermaster Share of debt service on the Bonds at an assumed interest rate of 5% per annum.

(9) Calculated by dividing OBMP Assessments by Fixed Project Costs.

Source: Watermaster.