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

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2022

NEW ISSUE - BOOK-ENTRY ONLY **RATING: see "Rating" herein**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2022 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the 2022 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the 2022 Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2022 Bonds. See "TAX MATTERS."

$______*

LOS ANGELES COUNTY SANITATION DISTRICTS FINANCING AUTHORITY
Revenue Bonds, 2022 Series A (Green Bonds) (SRF Loans Refunding)

Dated: Date of Delivery **Due: October 1, as shown on the Inside Cover**

The Los Angeles County Sanitation Districts Financing Authority Revenue Bonds, 2022 Series A (Green Bonds) (SRF Loans Refunding) (the "2022 Bonds") will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Interest on the 2022 Bonds will be payable on each April 1 and October 1 (each an "Interest Payment Date") commencing October 1, 2022. DTC will act as securities depository for the 2022 Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof. Purchasers will not receive physical delivery of the 2022 Bonds purchased by them. Payment of principal, premium, if any, and interest on 2022 Bonds are payable directly to DTC by U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). Upon receipt DTC is obligated to remit principal, premium, if any, and interest to DTC Participants (as defined herein) for subsequent disbursement to the purchasers of the 2022 Bonds as described herein. See "APPENDIX C - BOOK-ENTRY ONLY SYSTEM." The 2022 Bonds are being issued to prepay loans with the California State Water Resources Control Board, with an aggregate outstanding principal amount of $99,620,377.85 (the "Prepaid State Loans") and to pay costs of issuance of the 2022 Bonds. See "THE PLAN OF FINANCE" herein.

The 2022 Bonds are secured by Authority Revenues (as defined herein), which consist of Installment Payments (as defined herein) to be made severally by the Participating Districts (as defined herein) pursuant to the Joint Acquisition Agreement (the "Joint Acquisition Agreement") by and among the Participating Districts and the Los Angeles County Sanitation Districts Financing Authority (the "Authority"). Each Participating District is obligated to make its Installment Payments solely from Net Revenues (defined herein) as set forth in the Master Obligation Agreement (the "Master Obligation Agreement"), by and among the Participating Districts and Zions Bancorporation, National Association, as Master Trustee (the "Master Trustee"). The Installment Payments constitute "Senior Obligations" of the respective Participating Districts pursuant to the Master Obligation Agreement. Each Participating District may incur additional Senior Obligations payable from their respective Net Revenues on a parity with the Installment Payments subject to the satisfaction of certain conditions of the Master Obligation Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 Bonds - Additional Obligations." As of the date of issuance of the 2022 Bonds, the only outstanding Senior Obligations of the respective Participating Districts will be the Installment Payments.

The 2022 Bonds are payable solely from Authority Revenues and amounts on deposit in the funds and accounts established under the Indenture, dated as of ____, 2022, between the Authority and the Trustee (the "Indenture"), other than the Rebate Fund. The 2022 Bonds do not constitute a debt or liability of the Participating Districts or of the State of California (the "State") and neither the faith and credit of Participating Districts nor of the State are pledged to the payment of the principal of, or interest on, the 2022 Bonds. The obligation of each of the Participating Districts to make its respective Installment Payments is a special, limited obligation of such Participating District payable solely from its Net Revenues and the other assets pledged to the payment thereof under the Master Obligation Agreement, and does not constitute a debt of the respective Participating Districts or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction. Neither the faith and credit nor the taxing power of the Authority, the Participating Districts or the State or any political subdivision thereof is pledged to the payment of the Installment Payments or other payments required to be made under the Joint Acquisition Agreement and the Master Obligation Agreement.

The 2022 Bonds are <u>not</u> subject to redemption prior to maturity.

This cover page contains certain information for quick reference only and is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See "CERTAIN RISK FACTORS" herein for a description of certain risks associated with an investment in the 2022 Bonds.

The 2022 Bonds are offered when, as and if issued and received by the Underwriters, subject to approval of legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel to the Authority. Certain legal matters will be passed upon for Authority by its Disclosure Counsel, Stradling Yocca Carlson & Rauth, Sacramento, California. Certain legal matters will be passed upon for the Underwriter by Katten Muchin Rosenman LLP, New York, New York, and for the Authority and Participating Districts by Lewis Brisbois Bisgaard & Smith LLP, Los Angeles, California. Montague DeRose and Associates, LLC, Westlake Village, California is serving as Municipal Advisor to the Authority. It is anticipated that the 2022 Bonds in book-entry form will be available for delivery to DTC in New York, New York on or about April __, 2022.

BofA Securities **J.P Morgan**

* *Preliminary; subject to change.*

Dated: March _, 2022

$_____*

LOS ANGELES COUNTY SANITATION DISTRICTS FINANCING AUTHORITY
Revenue Bonds, 2022 Series A
(Green Bonds)
(SRF Loans Refunding)

MATURITY SCHEDULE

(Base CUSIP†: ___________)

Maturity Date (October 1)	Principal Amount	Interest Rate	Yield	CUSIP†

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* *Preliminary; subject to change.*

† *CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright © 2022 CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau. CUSIP® numbers are provided for convenience of reference only. None of the Authority, the Participating Districts or the Underwriter take any responsibility for the accuracy of such numbers.*

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the 2022 Bonds, the Authority or the Participating Districts other than those contained herein and, if given or made, such other information or representation must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the 2022 Bonds, and the 2022 Bonds may not be sold in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale.

This Official Statement is not to be construed as a contract with the purchasers of the 2022 Bonds. Statements contained in this Official Statement that 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 representations of fact.

The information set forth herein has been furnished by the Authority, the Participating Districts and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriters. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in affairs of the Authority or the Participating Districts since the date hereof. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with one or more repositories.

Certain statements included or incorporated by reference in the following information constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that 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. No assurance is given that actual results will meet the Participating Districts' forecasts in any way. Except as set forth in the Continuing Disclosure Agreement, neither the Participating Districts nor the Authority plans to issue any updates or revisions to those forward-looking statements if or when the expectations, or events, conditions, or circumstances on which such statements are based occur or do not occur.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Los Angeles County Sanitation Districts maintains a website. The information therein is not incorporated by reference and should not be relied upon in making an investment decision.

LOS ANGELES COUNTY SANITATION DISTRICTS
FINANCING AUTHORITY
Revenue Bonds, 2022 Series A
(Green Bonds)
(SRF Loans Refunding)

AUTHORITY OFFICERS

Margaret Finlay, *Chairperson*
Robert C. Ferrante, *President*
Charles E. Boehmke, *Vice President*
Jeremy Freelove, *Treasurer*
Kimberly Christensen, *Secretary*

PARTICIPATING DISTRICTS' MANAGEMENT

Robert C. Ferrante, *Chief Engineer and General Manager*
Charles E. Boehmke, *Assistant Chief Engineer and Assistant General Manager*
Samuel Espinoza, *Engineering Department*
Raymond L. Tremblay, *Facilities Planning Department*
Kenneth P. Rademacher, *Wastewater Management Department*
Martha Tremblay, *Technical Services Department*
Matthew A. Eaton, *Financial Management Department*
Jeremy Freelove, *Chief Accountant*

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Municipal Advisor
Montague DeRose and Associates, LLC

Trustee
U.S. Bank Trust Company, National Association

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LOS ANGELES COUNTY SANITATION DISTRICTS
FINANCING AUTHORITY
Revenue Bonds, 2022 Series A
(Green Bonds)
(SRF Loans Refunding)

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents described herein. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the Indenture, the Joint Acquisition Agreement and the Master Obligation Agreement. See Appendix C – "FORM OF MASTER OBLIGATION AGREEMENT" and Appendix D – "SUMMARY OF CERTAIN LEGAL DOCUMENTS" attached hereto.

General

This Official Statement, including the cover page and all appendices hereto, provides certain information concerning the sale and delivery of $_______[*] aggregate principal amount of Los Angeles County Sanitation Districts Financing Authority Revenue Bonds, 2022 Series A (Green Bonds) (SRF Loans Refunding) (the "2022 Bonds") by the Los Angeles County Sanitation Districts Financing Authority (the "Authority"). County Sanitation Districts Nos. 1, 2, 3, 5, 8, 15, 16, 17, 18, 19, 21, 22, 23, 28, 29 and 34 of Los Angeles County and South Bay Cities Sanitation District of Los Angeles County ("SBC") (collectively, the "Participating Districts" and individually, a "Participating District") are participating in this financing pursuant to a Joint Acquisition Agreement (the "Joint Acquisition Agreement"), dated as of ____ 1, 2022, to be entered into by and among the Participating Districts and the Authority, agrees to make Installment Payments (hereinafter defined). County Sanitation District No. 34 of Los Angeles County is currently inactive and its initial Shared Project Percentage (hereinafter defined) under the Joint Acquisition Agreement will be zero, and, as a result, County Sanitation District No. 34 of Los Angeles County will not initially be responsible for making any Installment Payments.

The 2022 Bonds are to be issued pursuant to an Indenture (the "Indenture"), dated as of ____, 2022, to be entered into by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The 2022 Bonds are being issued by the Authority in accordance with the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code (commencing with Section 6584) (the "Act").

The Authority

The Authority was formed in 1993 pursuant to the provisions of Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended (the "Act") and the Joint Powers Agreement. The membership of the Authority is currently comprised of the 23 active sanitation districts within the County of Los Angeles (the "County"). The Authority was created for the purpose of, among other things, assisting the sanitation districts within the County in the planning, financing, development, acquisition, construction, operation and maintenance

[*] *Preliminary; subject to change.*

of projects relating to the such districts' wastewater management systems. The Authority is governed by a Commission, which consists of the Chairperson of each of the Participating Districts. See "THE AUTHORITY."

The Participating Districts

California law permits counties to form one or more county sanitation districts within the county to provide sewage conveyance, treatment, and disposal services to the persons within the service area of each such district. There are currently 24 independent county sanitation districts established in the County, each with its own board of directors (collectively the "LACSD"). Seventeen of the LACSD have entered into a JO Agreement (hereinafter defined) providing for joint administration of the construction, supervision, operation and maintenance of the sanitation works, refuse transfer and disposal works of each district. The Participating Districts in this financing consist of the 17 LACSD that are signatories to the JO Agreement. Sixteen of the Participating Districts are active sanitation districts. The remaining one district (County Sanitation District No. 34 of Los Angeles County) is currently inactive. The Participating Districts' combined service area covers approximately 660 square miles, encompassing all or portions of 72 cities and unincorporated territory within the County. The Participating Districts serve the wastewater and solid waste management needs of approximately 4.9 million people, which is approximately 49% of the population of the County. The City of Los Angeles ("City") serves most of the remaining portions of the County**.** See "THE DISTRICTS."

Purpose of the 2022 Bonds

The 2022 Bonds are being issued to (i) prepay loans with the California State Water Resources Control Board (the "SWRCB"), with an aggregate outstanding principal amount of $99,620,377.85 (the "Prepaid State Loans"); and (ii) pay costs of issuance of the 2022 Bonds. See "ESTIMATED SOURCES AND USES."

Security for the 2022 Bonds

The 2022 Bonds are secured by a pledge of Authority Revenues (as defined herein), which consist of certain payments ("Installment Payments") to be made severally by the Participating Districts pursuant to the Joint Acquisition Agreement, dated as of __ 1, 2022 (the "Joint Acquisition Agreement") by and among the Participating Districts and the Authority, and amounts on deposit in the funds and accounts established pursuant to the Indenture (as defined herein), other than the Rebate Fund.

The Installment Payments due and payable by each Participating District on any date are equal to the product of (a) such Participating District's Shared Project Percentage, times (b) the aggregate of the Installment Payments of all Participating Districts, including such Participating District, due and payable on such date. The "Shared Project Percentage" is, with respect to any Participating District, for any period, the percentage, specified in decimal form, of the quotient of (a) the number of Sewage Units attributable to such Participating District for such period, divided by (b) the aggregate number of Sewage Units attributable to all of the Participating Districts for such period (which methodology for determining such Shared Project Percentage conforms to the methodology by which costs of the Joint Outfall System are allocated among the Districts pursuant to the JO Agreement). See "District's Shared Project Percentages of the Joint Outfall System" herein for the initial Shared Project Percentages.

Each Participating District is obligated to make its Installment Payments solely from its Net Revenues (defined herein) and the other assets pledged to the payment thereof as provided in the Master Obligation Agreement, by and among the Participating Districts and Zions Bancorporation, National Association, as Master Trustee (the "Master Trustee") (the "Master Obligation Agreement"). Net Revenues are Revenues (as defined below) that remain after payment of Maintenance and Operation Costs for the Participating District. The Acquisition Agreement constitutes a "Senior Contract" and a "Senior Obligation Instrument." The Installment Payments constitute "Senior Obligations," "Shared Project Obligations" and "Supported Obligations" of each of the Participating Districts pursuant to the Master Obligation Agreement. Under certain specified circumstances, certain of the Participating Districts may be required to make Support Payments to other

Participating Districts. For information relating to a Participating District's obligation to pay Support Payments, see "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS – General -Installment Payments as Shared Project Obligations and Support Obligations."

The Participating Districts, subject to the requirements of the Master Obligation Agreement, may enter incur additional Senior Obligations payable from Net Revenues on a parity with the Installment Payments in the future. Under the Master Obligation Agreement, the Participating Districts may not incur obligations that are secured on a basis senior to the Installment Payments under the Joint Acquisition Agreement. Under the Master Obligation Agreement, the Participating Districts are permitted to incur Subordinate Obligations. The obligation to make the Installment Payments from Net Revenues would be senior to payments of any Subordinate Obligations that are secured on a basis subordinate to the Joint Acquisition Agreement. See "See "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 Bonds - Additional Obligations."

The obligations of the Participating Districts under the Joint Acquisition Agreement, including the obligation to make Installment Payments, are several and not joint. Failure by one or more of the Participating Districts to make its Installment Payments under the Joint Acquisition Agreement could materially affect the Authority's ability to timely pay debt service on the 2022 Bonds. The 2022 Bonds are not general obligation bonds of the Authority or the Participating Districts, nor is the general credit or taxing power of the Authority or the Participating Districts pledged for the payment of the 2022 Bonds or interest thereon. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS."

Rate Covenant

Under the Master Obligation Agreement, each Participating District has covenanted, to the extent permitted by applicable law, to fix, prescribe and collect rates and charges for the services of its Sewerage System that will be at least sufficient to yield during each Fiscal Year (i) Revenues of such District for such Fiscal Year sufficient to make all deposits, transfers and payments required pursuant to the Master Obligation Agreement to be made in such Fiscal Year and (ii) a Senior Debt Service Coverage Ratio of such District for such Fiscal Year of not less than 1.25:1.

The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Revenues and Senior Debt Service Coverage Ratio from such reduced rates and charges will at all times be sufficient to meet the requirements of the Master Obligation Agreement. Pursuant to the Master Obligation Agreement, the District shall not be in default of the obligations to set rates and charges described above if it fails to satisfy such requirements for a Fiscal Year; provided, however, that the District shall be in default if it fails to satisfy the requirements for two consecutive Fiscal Years. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS – Rate Covenant."

Existing Obligations of the Participating Districts

As of the date of issuance of the 2022 Bonds, and following the prepayment of the Prepaid State Loans, the only Outstanding Senior Obligations or Subordinate Obligations of the respective Participating Districts will be the Installment Payments.

Additional Obligations

The Participating Districts, upon the satisfaction of certain conditions set forth in the Master Obligation Agreement, may also issue Senior Obligations (payable from Net Revenues on a parity with the Installment Payments) and Subordinate Obligations, as provided in the Master Obligation Agreement. No obligations may be issued by the Participating Districts that are payable on a basis senior to the payment of the Installment Payments. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS – Additional Obligations."

Continuing Disclosure Agreement

In connection with the 2022 Bonds, the Authority will agree to provide annually certain financial information and operating data relating to the Authority and the Participating Districts by not later than the date in each year that is eight months after the end of the Authority's Fiscal Year, which date is presently March 1 (the "Annual Report"), commencing with the Annual Report for the 2021-2022 Fiscal Year, and to provide notices of enumerated events. See "CONTINUING DISCLOSURE" herein. The specific nature of the information to be contained in the Annual Report and the notices of material events and certain other terms of the continuing disclosure obligation are set forth in APPENDIX D – "FORM OF CONTINUING DISCLOSURE AGREEMENT."

"Green Bond" Designation

The Participating Districts and the Authority are designating the 2022 Bonds as "Green Bonds" due to the environmental benefits of the capital improvement to the Joint Outfall System financed with the proceeds of the Prepaid State Loans.

Use of Proceeds. The proceeds of the 2022 Bonds, with the exception of proceeds used to fund costs of issuance, are expected to be applied to the prepayment of the Prepaid State Loans. The proceeds of the Prepaid State Loans were applied to partially fund the rehabilitation of existing sewers and construction of wastewater conveyance and treatment facilities in the Joint Outfall System, including the construction of pumping facility, flow equalization tank and an odor control system and the rehabilitation of certain pipes, piper liners and reaches, among other improvements.

Green Bonds Sustainability. The purpose of designating the 2022 Bonds as "Green Bonds" is to allow owners of the 2022 Bonds to invest directly in bonds which finance environmentally beneficial projects. Neither the Participating Districts nor the Authority make any representation as to the sustainability of the 2022 Bonds to fulfill such environmental or sustainability criteria. The 2022 Bonds may not be a suitable investment for all investors seeking exposure to green or sustainable assets. There is currently no market consensus on what precise attributes are required for a particular project to be defined as "green" or "sustainable" and therefore no assurance can be provided to investors that the capital improvements to the Sewerage System financed with the proceeds of Prepaid State Loans will continue to meet investor expectations regarding sustainability performance.

The term "Green Bonds" is not defined in the Indenture, the Joint Acquisition Agreement, the Mater Obligation Agreement, or other legal documents executed by the Participating Districts or the Authority in connection with the issuance of the 2022 Bonds. The term "Green Bonds" are solely for identification purposes and is not intended to provide or imply that the owners of the 2021 Bonds are entitled to any security other than that described under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS."

Miscellaneous

The statements herein concerning the 2022 Bonds are summaries of certain provisions of the Indenture, the Joint Acquisition Agreement and the Master Obligation Agreement. These summaries do not purport to be complete, and are qualified in their entirety by reference to the Indenture, the Joint Acquisition Agreement and Master Obligation Agreement. Financial and statistical information set forth herein, except for the Audited Financial Statements included in APPENDIX A – "AUDITED FINANCIAL STATEMENTS OF THE DISTRICTS," is unaudited. Unless otherwise indicated, the statistical and financial information set forth in this Official Statement has been provided by the Participating Districts.

Copies of all documents referred to herein, including the Master Obligation Agreement, the Acquisition Agreement, the Indenture, the Joint Administration Agreement, the JO Agreement, the Joint Exercise of Powers Agreement and the State Loans may be obtained upon written request directed to the County Sanitation Districts of Los Angeles County, P. O. Box 4998, Whittier, California 90607-4998, Attention: Secretary to the Boards.

THE 2022 BONDS

Description of the 2022 Bonds

The 2022 Bonds will bear interest from their date of delivery, at the respective rates set forth on the inside cover page of this Official Statement. Interest on the 2022 Bonds is payable semi-annually beginning October 1, 2022 and on each April 1 and October 1 thereafter until maturity as provided for in the Indenture and as described herein. The 2022 Bonds will mature in the respective aggregate principal amounts and on the respective dates set forth on the inside cover page of this Official Statement.

THE 2022 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AUTHORITY REVENUES AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, ANY PARTICIPATING DISTRICTS OR THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE 2022 BONDS.

The 2022 Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2022 Bonds. While the 2022 Bonds are held in the book-entry system of DTC, all payments of principal and interest on the 2022 Bonds will be made to Cede & Co., as registered owner of the 2022 Bonds. See APPENDIX C–"BOOK-ENTRY ONLY SYSTEM."

No Redemption of 2022 Bonds

The 2022 Bonds are <u>not</u> subject to redemption prior to maturity.

ESTIMATED SOURCES AND USES

The estimated sources and uses of the proceeds of the 2022 Bonds are described in the following table.

Estimated Sources and Uses of Proceeds of the 2022 Bonds

SOURCES:	
Principal amount of the 2022 Bonds	
Plus Original Issue Premium	
[Plus Contribution from Participating Districts]	
TOTAL SOURCES:	
USES:	
[Prepayment of Refunded State Loans[1]]	
Costs Of Issuance[2]	
TOTAL USES:	

(1) [Includes interest accrued to the prepayment date.]

(2) Costs of issuance include, among other things, costs of rating agencies, financial advisory fees, underwriters' discount, initial fees and charges of the Trustee and Bond Counsel fees.

Districts' Shared Project Percentages

The Shared Project Percentages of the Participating Districts as of the date of issuance of the 2022 Bonds are shown in the table below. The "Shared Project Percentage" is, with respect to any Participating District, for any period, the percentage, specified in decimal form, of the quotient of (a) the number of Sewage Units attributable to such Participating District for such period, divided by (b) the aggregate number of Sewage Units attributable to all of the Participating Districts for such period (which methodology for determining such Shared Project Percentage conforms to the methodology by which costs of the Joint Outfall System are allocated among the Participating Districts pursuant to the JO Agreement).

Each Participating District's Installment Payments due and payable on any date are equal to the product of (a) such District's Shared Project Percentage, times (b) the aggregate of the Installment Payments of all Districts, including such District, due and payable on such date. County Sanitation District No. 34 of Los Angeles County is currently inactive and its initial Shared Project Percentage) under the Joint Acquisition Agreement will be zero, and, as a result, County Sanitation District No. 34 of Los Angeles County will not initially be responsible for making any Installment Payments.

TABLE 1
DISTRICTS' SHARED PROJECT PERCENTAGE

District	Shared Project Percentage
1	8.64%
2	12.98
3	10.65
5	15.47
8	3.58
15	11.24
16	6.80
17	0.87
18	7.22
19	2.27
21	9.00
22	7.41
23	0.20
28	0.28
29	0.33
34	0.00
SBC	3.06
TOTAL:	100.00%

THE PLAN OF REFUNDING

The 2022 Bonds are being issued to provide funds to (i) prepay the Prepaid State Loans, with an aggregate outstanding principal amount of $99,620,377.85; and (ii) pay costs of issuance of the 2022 Bonds. See "ESTIMATED SOURCES AND USES."

A portion of the proceeds of the 2022 Bonds are expected to be applied to payment in full of the Prepaid State Loans on or about [April 7], 2022.

THE AUTHORITY

The Authority was formed pursuant to the provisions of the Act and a Joint Exercise of Powers Agreement, dated April 14, 1993 (the "Joint Powers Agreement"). The membership of the Authority is currently comprised of the 23 of the LACSD. The Authority was created for the purpose of, among other things, assisting the LACSD in the planning, financing, development, acquisition, construction, operation and maintenance of projects relating to the LACSD's sewerage systems. The Joint Powers Agreement expires upon the later of April 14, 2043, or the date on which no obligations of the Authority remain outstanding and no material contracts to which the Authority is a party remain in effect. Additional county sanitation districts may become parties to the Joint Powers Agreement upon the filing of certain documents with the Authority and the approval of the Commission of the Authority. New members would not be obligated to make any payments with respect to the 2022 Bonds.

The Authority is governed by a Commission, which consists of the Chairperson of each of the Participating Districts. The Commission may exercise all rights, powers, duties, and privileges of the Commission set forth in the Joint Powers Agreement. The current officers of the Authority are listed under "LOS ANGELES COUNTY SANITATION DISTRICTS FINANCING AUTHORITY" at the beginning of this Official Statement. For information relating to the organization and management of the Participating Districts, see "THE DISTRICTS – Organization and Administration" herein.

SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS

General

General

The 2022 Bonds are special, limited obligations of the Authority payable solely from the Authority Revenues and the other assets pledged therefor under the Indenture. The Authority Revenues consist of all Installment Payments payable by the Participating Districts pursuant to the Joint Acquisition Agreement, including any amounts received by the Trustee as a result of or in connection with the Trustee's pursuit of remedies under the Joint Acquisition Agreement upon a Joint Acquisition Agreement Default Event.

The Installment Purchase Agreement provides that the Installment Payments payable by each District are due on March 15 or September 15 of each year, commencing September 15, 2022 in an amount equal to the product of such District's Shared Project Percentage times the interest on, or the principal of (including mandatory sinking fund redemptions) and interest on, as applicable, the 2022 Bonds due on the following Interest Payment Date. The "Shared Project Percentage" is, with respect to any Participating District, for any period, the percentage, specified in decimal form, of the quotient of (a) the number of Sewage Units attributable to such Participating District for such period, divided by (b) the aggregate number of Sewage Units attributable to all of the Participating Districts for such period (which methodology for determining such Shared Project Percentage conforms to the methodology by which costs of the Joint Outfall System are allocated among the Districts pursuant to the JO Agreement). See "ESTIMATED SOURCES AND USES – Districts' Shared Project Percentages" for the initial Shared Project Percentages of each Participating District.

Installment Payments Constitute Senior Obligations

The Installment Payments of each Participating District are designated by such Participating Districts as Senior Obligations. In addition, the Joint Acquisition Agreement constitutes a Senior Contract with respect to each District and, consequently, a Senior Obligation Instrument with respect to each Participating District.

Pledge of Revenues

Subject only to the provisions of the Master Obligation Agreement permitting the application of each District's Revenues for the purposes and on the terms and conditions set forth in the Master Obligation Agreement, each Participating District, in order to secure the payment of its Senior Obligations, the Obligation Instruments pursuant to which such Senior Obligations are incurred and the Master Obligation Agreement, and to secure the performance and observance of all of the covenants and agreements of such Participating District contained in the Obligations Instruments and Master Obligation Agreement, grants a lien on and a security interest in, and pledges to and for the benefit of the Obligees with respect to its Senior Obligations, all of its Revenues and any other amounts held in its Operating Fund and Senior Obligation Payment Fund (but not any such Revenues or other amounts held in its Subordinate Obligation Payment Fund, Rate Stabilization Fund or Surplus Fund). Such pledge of each Participating District constitutes a first lien on and security interest in such assets of such Participating District, which shall immediately attach to such assets and be effective, binding and enforceable against such Participating District, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, the Master Obligation Agreement, irrespective of whether such parties have notice of the lien on, security interest in and pledge of such assets and without the need for any physical delivery, recordation, filing or further act.

The Senior Obligations of a Participating District are special, limited obligations of such Participating District payable solely from such Participating District's Net Revenues and the other assets pledged to the payment thereof under the Master Obligation Agreement, and do not constitute a debt of such Participating District or the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limit or restriction. Neither the faith and credit nor the taxing power of a Participating District or the State or any political subdivision thereof is pledged to the payment of such Participating District's Obligations.

"Net Revenues" means, with respect to a Participating District, for any period (a) the Revenues of such District for such period, less (b) the Operation and Maintenance Costs of such District for such period.

"Revenues" means, with respect to a Participating District, for any period, all income and revenue received by such Participating District from the operation or ownership of such Participating District's Sewerage System, determined in accordance with Generally Accepted Accounting Principles, including all rates and charges received by such Participating District for the services of its Sewerage System, investment income (to the extent generally available to pay costs with respect to its Sewerage System) and all other money howsoever derived by such Participating District from the operation or ownership of its Sewerage System or arising from its Sewerage System, including the ad valorem property taxes received by such Participating District during such period pursuant to Article XIIIA of the Constitution of the State of California and Section 95 et seq. of the California Revenue and Taxation Code, but excluding (a) payments received under Qualified Swap Agreements, (b) refundable deposits made to establish credit, (c) advances or contributions in aid of construction, and (d) ad valorem property taxes levied to pay any voter approved general obligation indebtedness of such Participating District.

"Operation and Maintenance Costs" means, with respect to a Participating District, for any period (a) the reasonable and necessary costs expended or incurred by such District for maintaining and operating its Sewerage System, calculated in accordance with Generally Accepted Accounting Principles, including the reasonable expenses of management and repair and other expenses necessary to maintain and preserve its Sewerage System in good repair and working order, and including salaries and wages of employees, payments to its employee retirement systems (to the extent paid from Revenues of such Participating District), overhead, insurance, taxes if any, fees of auditors, accountants, attorneys or engineers and insurance premiums, and (b) Administrative Costs and scheduled periodic fees, but not Debt Service, Reimbursement Obligations or reimbursements payable pursuant to any Reserve Guaranty, payable to an Obligee pursuant to an Obligation Instrument to which such Participating District is a party in consideration of such Obligee's making, or standing ready to make, advances or draws thereunder available to such District pursuant to the provisions of such Obligation Instrument or, with respect to an Obligee that is a Credit Support Provider, such Obligee's standing ready to provide moneys necessary for payment to the Owners of the Credit Enhanced Obligations, the Debt Service payments on which are secured by a Credit Support Instrument between such Participating District and such Credit Support Provider, but excluding in all cases (i) depreciation, replacement and obsolescence charges or reserves therefor, (ii) amortization of intangibles or other bookkeeping entries of a similar nature, (iii) costs of capital additions, replacements, betterments, extensions or improvements to its Sewerage System that, under Generally Accepted Accounting Principles, are chargeable to a capital account or to a reserve for depreciation, and (iv) charges for the payment of any Debt Service on Obligations of such Participating District.

"Sewerage System" means, with respect to a Participating District, the whole and each and every part of the wastewater collection, conveyance, treatment, disposal and administrative facilities of such Participating District, including such Participating District's ownership interest, if any, pursuant to the Joint Administration Agreement, such Participating District's ownership interest, if any, pursuant to the JO Agreement, such District's ownership interest, if any, pursuant to a City of Los Angeles Agreement, all real and personal property, or any interest therein, constituting a part thereof and all additions, improvements, betterments and extensions thereto whether presently existing or hereafter acquired, constructed or installed. For information concerning the JO Agreement, and the City of Los Angeles Agreement, see "THE DISTRICTS – Existing Wastewater Facilities."

None of the Participating Districts has issued any obligations that are secured on a basis senior to the Installment Payments, nor may any Participating District issue any obligations that are secured on a basis senior to the Installment Payments.

Pursuant to the Master Obligation Agreement, each Participating District covenants that all Connection Fees received by it will be deposited when and as received in its Capital Improvement Fund. Each Participating District will apply the Connection Fees on deposit in its Capital Improvement Fund to the payment of the costs of acquiring, constructing and installing improvements to the Sewerage System of such District to which such Connection Fees may be properly applied. Additionally, a Participating District may from time to time (a) transfer Connection Fees from its Capital Improvement Fund to its Senior Obligation Payment Fund to be applied to the payment of Outstanding Senior Obligations of such District, but only if and to the extent that such Connection Fees may be lawfully applied to the payment of such Senior Obligations, and (b) transfer Connection Fees from its Capital Improvement Fund to its Subordinate Obligation Payment Fund to be applied to the payment of Outstanding Subordinate Obligations of such District, but only if and to the extent that such Connection Fees may be lawfully applied to the payment of such Subordinate Obligations. See APPENDIX D - "SUMMARY OF CERTAIN LEGAL DOCUMENTS" attached hereto.

Many of the Participating Districts also furnish solid waste collection, transfer, treatment, disposal, processing and storage facilities and services to persons within their jurisdictions. These facilities and services are provided on a basis that is financially and operationally independent from the Sewerage System. The revenues received by any Participating District from such facilities and services are not included in the Revenues of the Participating District under the Joint Acquisition Agreement and are not pledged to the make the Installment Payments.

Installment Payments as Shared Project Obligations and Supported Obligations

Pursuant to the terms of the Joint Acquisition Agreement, the Installment Payments constitute both Shared Project Obligations and Supported Obligations of the respective Participating Districts. Shared Project Obligations are Obligations incurred pursuant to an Obligation Instrument, such as the Joint Acquisition Agreement, pursuant to which the Obligations of two or more Districts are incurred for purposes of financing or refinancing a Shared Project. Shared Project Obligations will also constitute Supported Obligations if, pursuant to the provisions of Section 3.04(a) of the Master Obligation Agreement, each District party to the Obligation Instrument pursuant to which such Shared Project Obligations are incurred agrees to make Support Payments to each other District that is a party such Obligation Instrument, if and as required pursuant to the provisions of Section 3.04(a) of the Master Obligation Agreement. The parties to the Obligation Agreement pursuant to which the Supported Obligations are issued are referred to as the "Support Group."

With respect to Supported Obligations, if, in any month, a District that is a member of a Support Group determines that it will have insufficient Net Revenues to make its monthly transfer required to be made under the Master Obligation Agreement with respect to the Supported Obligations, such District (being the Supported District), will, as soon as possible, but in any event no later than the fifth Business Day immediately preceding the last day of such month, notify each other District that is a member of such Support Group (being the Supporting Districts) (i) that such Supported District has determined that it will have a Supported Obligations Deficit Amount in respect of such Supported Obligations in such month, and (ii) of such Supported Obligations Deficit Amount.

Under the Master Obligation Agreement, each such Supporting District notified of such Supported Obligations Deficit Amount will be obligated to make a Support Payment, which Support Payment will be equal to the lesser of (i) an amount equal to the product of (A) such Supported Obligations Deficit Amount, times (B) a fraction, the numerator of which is the Shared Project Percentage of such Supporting District with respect to such Supported Obligations, and the denominator of which is the sum of the Shared Project Percentages of all Supporting Districts with respect to such Supported Obligations, and (ii) an amount equal to 20% of the Supported Obligations Transfer Amount of such Supporting District for such month in respect of such Supported Obligations. Each of such Supporting Districts so notified in such month shall, in accordance with paragraph (ii) of Section 3.03(c) of the Master Obligation Agreement, no later than the third Business Day preceding the last day of such month, transfer from its Operating Fund to such Supported District an amount equal to such Supporting District's Support Payment for such month in respect of such Supported Obligations, or such other amount as is required to be so transferred pursuant paragraph (ii) of Section 3.03(c) of the Master Obligation Agreement.

Upon receipt of any of such Support Payments, such Supported District must immediately transfer such Support Payment to such Supported District's Senior Obligation Payment Fund. Such Supported District is required, as and when such amount becomes available therefor pursuant Master Obligation Agreement, to transfer to each such Supporting District, an amount equal to such Support Payment made by such Supporting District, or such other amount as is required to be so transferred pursuant to the Master Obligation Agreement. The transfer by a Supporting District to a Supported District of a Support Payment will be deemed under the Master Resolution to be a purchase by such Supporting District of a proportionate interest in such Supported District's interest the Supported Project financed or refinanced by the Supported Obligations with respect to which such Support Payment is made, and the repayment by such Supported District to such Supporting District of such Support Payment in accordance with the Master Obligation Agreement be deemed to be a repurchase of such proportionate interest by such Supported District.

For additional information regarding the Support Payments to be made by the Participating Districts, see Section 3.04(a) of the form of Master Obligation Agreement attached hereto as Appendix D.

Unconditional Obligation

The obligation of each Participating District under the Joint Acquisition Agreement to make its Installment Payments from its Net Revenues and the other assets pledged to the payment thereof under the Master Obligation Agreement, as described in the Master Obligation Agreement, is absolute and unconditional, and until such time as such Installment Payments have been paid in full (or the agreements, covenants and other obligations of the Districts hereunder have been discharged and satisfied pursuant to terms of the Joint Acquisition Agreement), such Participating District will not discontinue or suspend any of its Installment Payments when due, whether or not the Purchased Improvements or any part thereof are operating or operable, or their use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such Installment Payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

Limited Liability

Under the Joint Acquisition Agreement, the obligation of each Participating District to pay its Installment Payments is a special, limited obligation of such Participating District payable solely from its Net Revenues and the other assets pledged to the payment thereof under the Master Obligation Agreement, and does not constitute a debt of such Participating District or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limit or restriction. Neither the faith and credit nor the taxing power of a Participating District or the State or any political subdivision thereof is pledged to the payment of the Installment Payments of such Participating District.

The Installment Payments are not secured by, and Owners of the 2022 Bonds have no security interest in or mortgage on, the Sewerage Systems of the Participating Districts or any other real property of the Participating Districts. Default by a Participating District will not result in loss of any portion of the Sewerage System of such Participating District. For information relating to the remedies of Owners of 2022 Bonds and the Trustee upon failure of a Participating District to pay Installment Payments, see "–Events of Default" and ["–Acceleration"] below and see "INDENTURE – Events of Default; Remedies" in APPENDIX D – "SUMMARY OF CERTAIN LEGAL DOCUMENTS," attached hereto. For a description of the Events of Default and remedies under the Joint Acquisition Agreement, see "JOINT ACQUISITON AGREEMENT – Events of Default; Remedies" in APPENDIX D – "SUMMARY OF CERTAIN LEGAL DOCUMENTS," attached hereto. Information relating to the Events of Default under the Master Obligation Agreement and the remedies available under the Master Obligation Agreement is provided in Article VI of the form of Master Obligation Agreement attached to this Official Statement as Appendix D.

The obligations of the Participating Districts under the Joint Acquisition Agreement are several and not joint. Each Participating District is obligated under the Joint Acquisition Agreement only to the extent of its Installment Payments and other payments required to be made under the Joint Acquisition Agreement and the Master Obligation Agreement.

The Installment Payments constitute Supported Obligations under the Joint Acquisition Agreement and the Master Obligation Agreement. Under certain specified circumstances, certain of the Participating Districts may be required to make Support Payments to other Participating Districts. For information relating to a Participating District's obligation to pay Support Payments, see "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS – General -Installment Payments as Shared Project Obligations and Support Obligations."

Funds Established Under Master Obligation Agreement and Allocation of Revenues

Under the Master Obligation Agreement, each District must establish and maintain within its treasury certain funds so long as any of its Obligations remain Outstanding. For more information on such funds, see Section 3.02 of the Master Obligation Agreement attached hereto as Appendix D.

Pursuant to the Master Obligation Agreement, each Participating District, in order to carry out and effectuate such Participating District's pledge contained in Section 3.01 of the Master Obligation Agreement, is required to deposit in its Operating Fund all of such Participating District's Revenues as and when received. Each District is required to pay from such District's Operating Fund all of its Operation and Maintenance Costs as and when the same shall be due and payable.

Further, pursuant to the Master Obligation Agreement, each District, after having paid, or having made provision for the payment of, such District's Operation and Maintenance Costs, is required to, on the last Business Day of each month, set aside and deposit, transfer or pay, as the case may be, legally available Net Revenues from its Operating Fund in the amounts set forth and in the order of priority described in Section 3.03 of the Master Obligation Agreement. For more information on the allocation of each District's Revenues under the Master Obligation Agreement, see Section 3.03 of the Master Obligation Agreement attached hereto as Appendix D.

Certain Covenants Under the Master Obligation Agreement

Rate Covenant

Each Participating District has covenanted in the Master Obligation Agreement, to the extent permitted by applicable law, to fix, prescribe and collect rates and charges for the services of its Sewerage System that will be at least sufficient to yield during each Fiscal Year (i) Revenues of such Participating District for such Fiscal Year sufficient to make all deposits, transfers and payments required pursuant to the Master Obligation Agreement to be made in such Fiscal Year, including (A) payments of Operation and Maintenance Costs, and (B) all deposits, transfers and payments required by paragraphs (i) through (xiv) of Section 3.03(c) of the Master Obligation Agreement (See Section 3.03(c) of the form of Master Obligation Agreement attached as Appendix D of this Official Statement for a description of the required deposits, transfers and payments), and (ii) a Senior Debt Service Coverage Ratio of such Participating District for such Fiscal Year of not less than 1.25:1.

A Participating District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless its Revenues and Senior Debt Service Coverage Ratio from such reduced rates and charges will at all times be sufficient to meet the requirements of the Master Obligation Agreement.

A Participating District will not be in default under the Master Obligation Agreement if it fails to satisfy the requirements set forth above for a Fiscal Year, so long as (i) such Participating District has satisfied the requirements of clause (i) of the first paragraph of this subsection for such Fiscal Year, and (ii) such Participating District has delivered to each Obligee, no later than 90 days after the end of such Fiscal Year, a written report describing the cause or causes of such failure and describing the measures that such District has taken or is in the process of taking in order to prevent such a failure in the Fiscal Year next succeeding such Fiscal Year; provided, however, that such Participating District will be in default under the Master Obligation Agreement if it fails to satisfy the requirements set forth in the Master Obligation Agreement for two consecutive Fiscal Years.

Covenant Against Encumbrance

Each Participating District has covenanted in the Master Obligation Agreement not to mortgage or otherwise encumber, pledge or place any charge upon its Sewerage System or any part thereof, or upon any of its Revenues that would impair such Participating District's ability to comply with its obligations under the Master Obligation Agreement. In addition, so long as any Obligations of a Participating District are Outstanding, such District will not issue any bonds or incur obligations payable from its Revenues or secured by a pledge, lien or charge upon its Revenues, except as provided in the Master Obligation Agreement.

Covenant Against Sale or Disposition of Property

In the Master Obligation Agreement, each Participating District has covenanted not to sell, lease or otherwise dispose of its Sewerage System or any part thereof essential to the proper operation of its Sewerage System or to the maintenance of its Revenues; except that any real or personal property which has become non-operative or that is not needed for the efficient and proper operation of such Participating District's Sewerage System, or any material or equipment that has become worn out, may be sold if such sale will not materially reduce such District's Net Revenues and if the proceeds of such sale are deposited in such Participating District's Operating Fund.

Each Participating District has covenanted not to enter into any agreement or lease that would (a) impair the operation of such District's Sewerage System or any part thereof necessary to secure adequate Revenues for the payment of its Obligations, (b) impair the rights of the Master Trustee or the applicable Obligees with respect to such Participating District's Revenues, or (c) otherwise materially impair the operation of such Participating District's Sewerage System. Notwithstanding the preceding sentence, a Participating District may sell or lease its Sewerage System or any part thereof if (a) such Sewerage System or such part thereof is sold or leased to another local governmental agency (including the Authority) or to a nonprofit corporation that is organized for the purpose of assisting one or more local governmental agencies in financing or refinancing capital projects, (b) in the case of a sale of its Sewerage System or a part thereof, such Participating District, as part of that same sale transaction, simultaneously repurchases its Sewerage System or such part thereof, (c) in the case of a lease of its Sewerage System or a part thereof, such Participating District, as part of that same lease transaction, simultaneously leases back, for a term that is not substantially less than the term of that lease, its Sewerage System or such part thereof, and (d) the net financing proceeds obtained by such District from such sale and repurchase or lease and lease back are used by such Participating District, or set aside for use by such Participating District, either to pay for improvements to its Sewerage System or to refund or refinance its Obligations.

Covenant Regarding Annual Budget

On or before July 1 of each Fiscal Year, commencing July 1, 2022, each Participating District is required to adopt a budget approved by the Board of Directors of such District that appropriates amounts for the payment of its Obligations payable during such Fiscal Year.

Additional Covenants Under the Master Obligation Agreement

For more information regarding the additional covenants of the Participating Districts under the Master Obligation Agreement, see Article V of the Master Obligation Agreement attached hereto as Appendix D.

Events of Default

Events of Default Under the Indenture

The Indenture sets forth certain Events of Default that include (a) failure to pay any installment of principal of any 2022 Bond as and when the same shall become due and payable; (b) failure to pay any installment of interest on any Bond as and when the same shall become due and payable; (c) the occurrence and continuation of event of default under the Joint Acquisition Agreement; (d) failure by the Authority to observe and perform any of the other covenants, agreements or conditions of the Indenture or in the Bonds, and such failure continues for a period of 30 days after written notice thereof has been provided to the Authority in accordance with the terms of the Indenture, and such failure is not cured pursuant to the terms of the Indenture, and (e) the commencement by the Authority of a voluntary case under Title 11 of the United States Code or any substitute or successor statute. For a description of the Events of Default under the Indenture, see "INDENTURE – Events of Default; Remedies" in APPENDIX D – "SUMMARY OF CERTAIN LEGAL DOCUMENTS," attached hereto.

Events of Default Under the Joint Acquisition Agreement

Events of Default under the Joint Acquisition Agreement, with respect to a Participating District, include (a) the failure of such Participating District to pay any its Installment Payments as and when the same shall become due and payable; (b) the occurrence and continuance of an event of default under the Master Obligation Agreement with respect to such Participating District; (c) the failure by such Participating District to observe and perform any of the covenants, agreements or conditions applicable to it set forth in the Joint Acquisition Agreement, and such failure continues for a period of 30 days after written notice thereof has been provided to such Participating Districts in accordance with the terms of the Indenture, and such failure is not cured pursuant to the terms of the Indenture; and (d) the commencement by such Participating District of a voluntary case under Title 11 of the United States Code or any substitute or successor statute. For a description of the Events of Default under the Joint Acquisition Agreement, see "JOINT ACQUISITON AGREEMENT – Events of Default; Remedies" in APPENDIX D – "SUMMARY OF CERTAIN LEGAL DOCUMENTS," attached hereto.

Events of Default Under the Master Obligation Agreement

The Master Obligation Agreement contains several Events of the Default with respect to the Participating Districts. The Events of Default under the Master Obligation Agreement are provided in Section 6.01 of the form of Master Obligation Agreement attached to this Official Statement as Appendix D.

[**Acceleration**

The 2022 Bonds are subject to acceleration upon the occurrence of certain events of default under the Master Obligation Agreement and the acceleration of the Installment Payments under the Master Obligation Agreement. For a description of the Events of Default and the conditions for the acceleration of the Installment Payments under the Master Obligation Agreement, see Article VI of the form of Master Obligation Agreement attached as Appendix D to this Official Statement.]

Limitations on Enforcement by Owners

No Owner of 2022 Bonds has any right to institute any suit, action or proceeding for the enforcement of any remedy under the Indenture unless, among other things, the Owners of 2022 Bonds of not less than a majority of the aggregate 2022 Bonds then outstanding have made a written request to the Trustee, have afforded the Trustee the opportunity to comply with such request for a period of not less than 60 days, and have offered indemnification to the Trustee as provided in the Indenture. See "INDENTURE –Limitations on Owners' Right to Sue" in APPENDIX E – "SUMMARY OF CERTAIN LEGAL DOCUMENTS," attached hereto.

For a discussion of the Trustee's and the Owners' remedies upon an Event of Default under the Indenture, see "INDENTURE – Events of Default; Remedies" in APPENDIX D – "SUMMARY OF CERTAIN LEGAL DOCUMENTS," attached hereto.

Additional Obligations

Senior Obligations. A District may from time to time, in order to finance or refinance a Project, incur Senior Obligations, payable from Net Revenues of such District as provided in the Master Obligation Agreement on a parity with all other Outstanding Senior Obligations of such District, but only subject to the satisfaction of the conditions described in Section 4.01 of the Master Obligation Agreement. See Section 4.01 of the form of Master Obligation Agreement attached hereto as Appendix D.

Subordinate Obligations. A District may from time to time, in order to finance or refinance a Project, incur Subordinate Obligations, payable from Net Revenues of such District as provided herein on a basis subordinate to the payment therefrom of the Senior Obligations of such District, but only subject to the satisfaction of the conditions described in Section 4.02 of the Master Obligation Agreement. See Section 4.02 of the form of Master Obligation Agreement attached hereto as Appendix D.

Existing Obligations of the Participating Districts

As of the date of issuance of the 2022 Bonds, and following the prepayment of the Prepaid State Loans, the only Outstanding Senior Obligations or Subordinate Obligations outstanding.

Debt Service Requirements for the 2022 Bonds

The following table sets forth the debt service requirements for the 2022 Bonds. See "FINANCIAL INFORMATION – Existing Obligations of the Participating Districts".

TABLE 2
DEBT SERVICE

	2022 Bonds		
Fiscal Year Ending June 30	**Principal**	**Interest**	**Total**
Total			

THE DISTRICTS

California law permits the formation of one or more county sanitation districts within counties to provide sewage conveyance, treatment, and disposal services to persons within the service area of each such district. There are currently 24 independent county sanitation districts within the County, each with its own Board of Directors (collectively the "LACSD"). These districts have entered into a Joint Administration Agreement providing for joint administration and staffing of the construction, supervision, operation, and maintenance of the sewerage system.

The Participating Districts

The Participating Districts consist of 17 of the 24 independent county sanitation districts in the County. Sixteen of the Participating Districts are members of the Authority (see "THE AUTHORITY"). County Sanitation District No. 34 of Los Angeles County is currently inactive and is not a member of the Authority. The general vicinity map on the following page shows each Participating District's boundaries within the County. Table 3 lists the jurisdictions located within each Participating District, and Table 4 sets forth a summary of certain statistics relating to the Participating Districts.

The Participating Districts' service area covers approximately 660 square miles encompassing all or a portion of 72 cities and unincorporated territory within the County. (Participating Districts may annex additional area from time to time, in accordance with State law and policies established by the Participating Districts.) The Participating Districts provide wastewater treatment and disposal service to approximately 4.9 million people

(49% of the population of the County). The City of Los Angeles provides most of the remaining sewerage services within the County. Additionally, within the Participating Districts' service areas, each of the individual cities is generally responsible for the local collector sewers within that city.

California law permits county sanitation districts to own and operate refuse transfer and disposal facilities. Under this provision in the law, the Participating Districts provide refuse transfer and disposal facilities and services in the County. However, the solid waste operations are financially independent from the wastewater operations and no revenues generated by the solid waste operations are available for, or pledged to, the payment of the Installment Payments or with respect to any payments to be made on the 2022 Bonds.

[INSERT MAP]

TABLE 3
JURISDICTIONS LOCATED WITHIN PARTICIPATING DISTRICTS [1]

DIST.	JURISDICTION
1	Bell
	Compton
	Cudahy
	Huntington Park
	Long Beach
	Los Angeles City
	Lynwood
	Maywood
	Paramount
	South Gate
	Vernon
	Los Angeles County
2	Alhambra
	Artesia
	Bell
	Bellflower
	Bell Gardens
	Cerritos
	Commerce
	Compton
	Downey
	Long Beach
	Los Angeles City
	Montebello
	Monterey Park
	Norwalk
	Paramount
	Pico Rivera
	San Gabriel
	South Gate
	Vernon
	Whittier
	Los Angeles County
3	Bellflower
	Cerritos
	Lakewood
	Long Beach
	Los Angeles City
	Signal Hill
	Los Angeles County
5	Culver City
	El Segundo
	Gardena
	Hawthorne
	Inglewood
	Lawndale
	Lomita
	Los Angeles City
	Manhattan Beach
	Palos Verdes Estates
	Rancho Palos Verdes
	Redondo Beach
	Rolling Hills
	Rolling Hills Estates
	Torrance
	Los Angeles County
8	Carson
	Compton
	Long Beach
	Los Angeles City
	Los Angeles County
15	Arcadia
	Baldwin Park
	Bradbury
	Duarte
	El Monte
	Industry
	Irwindale
	La Puente
	Monrovia
	Montebello
	Monterey Park
	Pasadena
	Rosemead
	San Gabriel
	San Marino
	Sierra Madre
	South El Monte
	Temple City
	West Covina
	Whittier
	Los Angeles County
16	Alhambra
	Los Angeles City
	Pasadena
	San Marino
	South Pasadena
	Los Angeles County
17	Los Angeles County
	Pasadena
18	Artesia
	Bellflower
	Cerritos
	Downey
	Industry
	La Habra Heights
	La Mirada
	Norwalk
	Pico Rivera
	Santa Fe Springs
	Whittier
	Los Angeles County
19	Artesia
	Cerritos
	Hawaiian Gardens
	Lakewood
	Long Beach
	Los Angeles County
21	Claremont
	Diamond Bar
	Industry
	La Puente
	La Verne
	Pomona
	San Dimas
	Walnut
	West Covina
	Los Angeles County
22	Arcadia
	Azusa
	Baldwin Park
	Bradbury
	Covina
	Duarte
	Glendora
	Irwindale
	La Verne
	Monrovia
	San Dimas
	Walnut
	West Covina
	Los Angeles County
23	Vernon
28	La Cañada Flintridge
29	Signal Hill
SBC	El Segundo
	Hermosa Beach
	Manhattan Beach
	Palos Verdes Estates
	Rancho Palos Verdes
	Redondo Beach
	Rolling Hills Estates
	Torrance

[1] The County of Los Angeles and certain of the cities listed are located in multiple Participating Districts.

TABLE 4
SUMMARY OF CERTAIN STATISTICS
RELATING TO THE PARTICIPATING DISTRICTS

District No.	Date of Formation	Date Placed in Operation	Area (Sq. Mi.)	Population[1]	Incorp. Cities (All or Part)	Miles of District Sewers[2]	Pump Station[2]
JO System[3][4]		02-13-1928					
1	11-17-1924	02-13-1928	41.3	578,445	11	105.4	1
2	02-25-1924	02-13-1928	76.1	691,806	20	219.1	2
3	05-19-1924	05-20-1948	52.3	510,478	6	77.1	6
5	03-31-1924	02-13-1928	87.8	742,800	15	181.0	10
8	09-21-1925	02-13-1928	31.3	142,014	4	88.5	3
15	01-02-1945	02-27-1948	77.6	587,113	20	145.5	2
16	01-02-1946	02-27-1948	37.4	273,311	5	42.4	0
17	01-02-1946	11-23-1949	7.7	56,214	1	5.2	0
18	11-23-1948	07-01-1950	60.1	340,094	11	83.6	3
19	03-28-1950	05-19-1951	14.2	91,845	5	34.4	2
21	11-13-1951	08-21-1954	83.0	415,018	9	86.9	4
22	09-22-1953	12-06-1954	64.1	335,153	13	101.8	0
23	07-10-1956	07-14-1959	2.5	50	1	2.1	0
28	09-14-1961	11-02-1962	4.1	11,399	1	4.1	0
29	09-20-1962	11-12-1964	2.2	11,712	1	36.8	3
SBC	12-24-1923	09-12-1926	14.6	115,745	8	25.0	11
34	10-31-1967	02-13-1928	4.0	7,674	1	0.0	0

(1) Estimated population as of January 2021.
(2) Miles of trunks sewers and numbers of pump stations owned or operated individually or collectively by the Participating Districts.
(3) The group of Districts signatory to the Amended Joint Outfall Agreement, See “THE DISTRICTS – Joint Outfall System.”
(4) Miles of trunk sewers and number of pump stations collectively owned by the Participating Districts signatory to the Amended Joint Outfall Agreement.

Organization and Administration

The Participating Districts, along with the other 8 sanitation districts in Los Angeles County, are signatories to an agreement (the “Joint Administration Agreement”) providing for the joint administration for the LACSD. Under the Joint Administration Agreement, a single staff is employed to manage the day-to-day affairs of the LACSD. That staff maintains and operates the sewerage and solid waste management systems throughout the LACSD, is responsible for the design of the sewage conveyance and treatment facilities currently operating, and manages the construction of all of the capital projects undertaken by the LACSD. Overall, there are nearly 1,700 employees, including 236 engineers, to operate and maintain existing facilities, provide for the design and construction of new facilities, and provide for management of the LACSD sewerage and solid waste management systems. The administrative headquarters of the LACSD is located in Whittier, California.

The governing body of each Participating District is composed of a Board of Directors consisting of the presiding officers of each of the cities located within the Participating District’s boundaries and, for those Districts whose boundaries include unincorporated areas of the County, the presiding officer of the Board of Supervisors of the County acts as the Director. Alternate Directors are designated by the respective city councils or the Board of Supervisors of the County, as applicable, to act on behalf of a Director during the Director’s absence, inability or refusal to act. Districts in which only two jurisdictions are located appoint a third Director from the jurisdiction with the greater population. In Districts located within only one jurisdiction (whether it be a single city or solely unincorporated areas of the County), either the members of the city council or the Board of Supervisors of the County, as applicable, serve as the Board of Directors.

As noted above, pursuant to the Joint Administration Agreement, the LACSD are jointly administered by the officers, employees, and legal counsel designated by the Joint Administration Agreement or appointed by District No. 2. Set forth below are resumes of the Participating Districts' management associated with the wastewater management system.

Robert C. Ferrante, B.S., M.S., Chief Engineer and General Manager. Mr. Ferrante is a Registered Mechanical Engineer, State of California, and a board-certified member of the American Academy of Environmental Engineers. He serves on the Board of the Southern California Salinity Coalition, WateReuse California, and the Southern California Water Research Program.

Mr. Ferrante has been a member of the LACSD engineering staff since 1993, serving in roles throughout the agency. He served in the Air Quality Section responsible for permitting, regulatory review, and project development related to wastewater treatment and electrical power production. In 1998, Mr. Ferrante became the Operations Engineer for the Total Energy Facility, a 30-megawatt combined cycle gas turbine plant at the LACSD Joint Water Pollution Control Plant. He also was involved in the wastewater treatment processes. In 2003, he became Section Head of Energy Recovery Operations, under which he served as the Project Manager for the Commerce Refuse-to-Energy Authority. In 2008, Mr. Ferrante became the Department Head for Solid Waste Management Department, a position he held until 2012 when he was promoted to Assistant Chief Engineer and Assistant General Manager. In 2019, he was appointed at Chief Engineer and General Manager of the Districts. He is leading efforts on greater recycling of water and organic (food) waste.

Charles E. Boehmke, B.S., M.S., Assistant Chief Engineer and Assistant General Manager. Mr. Boehmke is a Registered Civil Engineer, State of California and is a board-certified member of the American Academy of Environmental Engineers.

Mr. Boehmke has been a member of the engineering staff of the LACSD since 1990, serving in various capacities. From December 2003 to February 2012, Mr. Boehmke was in charge of the Planning Section, responsible for the environmental review and permitting for wastewater and solid waste projects and facilities. From February 2012 to July 2019, Mr. Boehmke was head of the Solid Waste Management Department, responsible for the operation and maintenance of all solid waste facilities within the Districts. These facilities included landfills, material recovery facilities, a transfer station, energy recovery facilities, and recycle centers. From July 2019 to present, Mr. Boehmke is the Asst. Chief Engineer and Asst. General Manager of the Sanitation Districts, responsible for all wastewater management and solid waste management activities and all supporting groups within the agency. These activities include wastewater management services for over 5 million people and solid waste management for nearly one quarter of the solid waste in Los Angeles County.

Matthew A. Eaton, B.S., M.S., Department Head, Financial Management Department. Mr. Eaton is a Registered Mechanical Engineer, State of California, and is a member of the American Society of Mechanical Engineers, SWANA and Government Finance Officers Association.

Mr. Eaton has been a member of the LACSD engineering staff since 1991 and has held various positions throughout his professional career related to both wastewater and solid waste functions, primarily involved in energy recovery functions. In November 2011, Mr. Eaton became the Section Head of Energy Recovery Operations and the Project Manager for the Commerce-Refuse-to-Energy Authority. He was responsible for the management of the LACSD's solid waste energy facilities operations and for development of new projects. In May 2016, Mr. Eaton became the Assistant Department Head for the Financial Management Department, overseeing day-to-day operations of the LACSD's accounting, budget, purchasing, and revenue collection functions. In July 2019, he became the Department Head for the Department.

Raymond L. Tremblay, B.S., M.S., Department Head, Facilities Planning Department. Mr. Tremblay is a Registered Civil Engineer, State of California, and is a member of the Water Environment Federation, the California Water Environment Association, and American Society of Civil Engineers. Mr. Tremblay serves on the Board of Directors for the Urban Water Institute.

Mr. Tremblay has been a member of the LACSD engineering staff since 1993 serving in various capacities in wastewater treatment and solid waste facilities planning, construction, operation, and regulatory compliance. In 2005, Mr. Tremblay became the Monitoring Section Head, responsible for water quality at all LACSD wastewater treatment facilities. In 2008, he was promoted to Assistant Department Head of the Technical Services Department, management of water quality, water recycling, biosolids and air permit compliance, research programs, laboratory processes, public information, and regulatory and legislative advocacy functions. In December 2013, Mr. Tremblay became the Department Head of Facilities Planning, responsible for planning and environmental review for new facilities, property management, and all LACSD information services.

Samuel Espinoza, B.S., M.S., Department Head, Engineering Department. Mr. Espinoza is a Registered Civil Engineer, State of California and is a member of the Water Environment Federation, the California Water Environment Association, and the American Society of Civil Engineers. Mr. Espinoza has been a member of the engineering staff of the LACSD since 1995, serving in various capacities. From September 2004 to February 2012, Mr. Espinoza was in charge of the Wastewater Collections Systems Section, responsible for the operation and maintenance of the LACSD regional collection system. From February 2012 to February 2015, Mr. Espinoza was the Assistant Department Head in the Technical Services Department responsible for regulatory compliance, the recycled water use program and biosolids management. From February 2015 to September 2017, Mr. Espinoza was the Assistant Department Head of the Engineering Department and in September 2017, became the Department Head. The Engineering Department is responsible for the design and construction of all wastewater collection, wastewater treatment, and solid waste facilities in the LACSD.

Kenneth P. Rademacher, B.S., M.S., Department Head, Wastewater Management Department. Mr. Rademacher is a Registered Civil Engineer, State of California, Certified Grade V Wastewater Operator, State of California and is a member of the Water Environment Federation, the California Water Environment Association, and the American Society of Civil Engineers. Mr. Rademacher has been a member of the engineering staff of the LACSD since 1985, serving in various capacities. From 1999 to 2003, Mr. Rademacher was in charge of the Water Reclamation Plant Section, responsible for the operation and maintenance of 10 wastewater treatment plants located throughout Los Angeles County. From 2003 until February 2020, Mr. Rademacher was in charge of the Joint Water Pollution Control Plant, LACSD's largest wastewater treatment plant and one of the largest treatment plants in the country. In February 2020, Rademacher became the Department Head of the Wastewater Management Department and is responsible for the operation and maintenance of all wastewater collection and wastewater treatment in the LACSD.

Martha R. Tremblay, B.S., M.S., Department Head, Technical Services Department. Ms. Tremblay is a Registered Civil Engineer, State of California, and is a member of the Water Environment Federation and the California Water Environment Association. She serves on the board of the Southern California Salinity Coalition.

Ms. Tremblay has been a member of the LACSD engineering staff since 1996 serving in various capacities. In 2007, Ms. Tremblay became the Sewer Design Section Head, responsible for the design of all sewer relief, replacement, and rehabilitation projects at the LACSD. From March 2012 to March 2015, Ms. Tremblay was in charge of the Wastewater Collection Systems Section, with responsibility for operation and maintenance of the LACSD regional collection system. In March 2015, she became the Assistant Department Head and then in July 2017, became Department Head of the Technical Services Department, where she is responsible for the management of water quality, water recycling, biosolids, air permit compliance, research programs, laboratory processes, safety, and regulatory and legislative advocacy functions.

Jeremy Freelove, Chief Accountant. Mr. Freelove is a member of the California Society of Municipal Finance Officers, the Government Finance Officers Association, and the National Association of Government Defined Contribution Administrators. Mr. Freelove joined LACSD in 2008 and assumed the role of Chief Accountant in 2022. He is responsible for managing all of the Districts' accounting functions, cash management, investments, internal audit, and the administration of the employees' deferred compensation plan.

The current officers of the Authority are listed at the beginning of this Official Statement.

Employees

The LACSD have nearly 1,700 full-time monthly and hourly employees. The work force of the LACSD is diverse, with the largest concentration of employees serving in the operation and maintenance of the LACSD' wastewater and solid waste facilities. As of July 1, 2021, the LACSD have an engineering staff of over 230 engineers including 183 licensed professional engineers and over 100 professionals in other technical and scientific disciplines (chemists, biologists, geologists, and accountants). The clerical and administrative staff is relatively small.

The monthly employees are divided into nine groups, seven of which are represented by national labor organizations. The Blue Collar unit, consisting of 673 employees, is represented by Service Employees International Union (SEIU) Local 721 The White Collar Unit, consisting of 99 employees; Technical Support Unit, consisting of 271 employees; the Energy Recovery Unit, consisting of 16 employees; the Professional Unit, consisting of 286 employees; the Professional Supervisory Unit, consisting of 72 employees; and the Supervisory Unit, consisting of 85 employees are represented by the American Federation of State, County & Municipal Employees (AFSCME) District Council 36. The Management Unit, consisting of 58 employees, is unrepresented and the Confidential Unit, consisting of 33 employees, is self-represented.

The Blue Collar, Professional, Professional Supervisory, and Supervisory units are working under Memorandums of Understanding that expire on June 30, 2022. The Energy Recovery, White Collar and Technical Support Units are working under Memorandums of Understanding that expire on June 30, 2024. The Confidential Unit is working under an agreement that expires on June 30, 2022.

Existing Wastewater Facilities

The Participating Districts' sewerage systems include approximately 1,240 miles of main trunk sewers, 48 pumping plants, and 7 sewage treatment plants. The Participating Districts currently convey and treat approximately 350 million gallons per day (mgd) of wastewater. This amount is roughly one half of the total wastewater generated in the County. The Participating Districts provide over 95 mgd of recycled wastewater for reuse in Southern California.

Joint Outfall System

The Participating Districts are parties to a Joint Outfall Agreement, effective July 1, 2020 (the "Previous JO Agreement"). A new Joint Outfall Agreement ("JO Agreement") was signed in 2021 and will become effective July 1, 2022, and upon such effectiveness will supersede the Previous JO Agreement. Under the JO Agreement, Districts Nos. 1, 2, 3, 5, 8, 15, 16, 17, 18, 19, 21, 22, 23, 28, 29, 34, and SBC (the "Joint Outfall Districts"), jointly own, operate, and maintain outfall sewers, trunk sewers, pumping plants, treatment plants, and other sanitation works, collectively comprising a single regional system of sanitation works referred to as the Joint Outfall System. (District No. 34, located within a portion of La Cañada Flintridge, is currently inactive. Although District No. 34 is a party to the JO Agreement, sewerage service within District No. 34 is provided by individual private disposal systems.) The service area of the Joint Outfall System encompasses all or a portion of 73 cities and unincorporated territories, primarily outside the City of Los Angeles. The Joint Outfall System provides wastewater treatment and disposal for residential, commercial, and industrial users and includes the following treatment plants: the Joint Water Pollution Control Plant (the "JWPCP") located in the City of Carson, the Whittier Narrows Water Reclamation Plant near the City of South El Monte, the Los Coyotes Water Reclamation Plant in the City of Cerritos, the San Jose Creek Water Reclamation Plant adjacent to the City of Industry, the Long Beach Water Reclamation Plant in the City of Long Beach, the La Cañada Water Reclamation Plant in the City of La Cañada Flintridge, and the Pomona Water Reclamation Plant in the City of Pomona. Based on population and flow projections, the Joint Outfall System has capacity for approximately 30 years of growth.

Pursuant to the JO Agreement, capital, operation and maintenance costs related to the Joint Outfall System are apportioned among the Participating Districts according to the number of sewage units attributable to each Participating District. A sewage unit is the average daily quantity of sewage flow and strength from a single family home. The JO Agreement provides that the Chief Engineer and General Manager of the Participating Districts will determine annually the number of sewage units attributable to each Participating District. Ownership of the Joint Outfall System is apportioned among the signatory Participating Districts in the ratio that the number of sewage units attributable to each Participating District bears to the aggregate number of sewage units attributable to all of the Joint Outfall Districts.

District No. 2 has been appointed as agent of the Participating Districts for the purpose of planning, constructing, reconstructing and operating the Joint Outfall System.

For information relating to the operations of the Participating Districts, see "THE DISTRICTS – Operations."

Operations

As indicated in the following table, flows have generally remained stable in recent years. This is partially due to the water conservation efforts in the various cities over the last decade, requiring the installation of low-flow devices in new construction and the retrofitting of existing buildings.

TABLE 5
AVERAGE YEARLY FLOW FROM THE PARTICIPATING DISTRICTS
Fiscal Years 2016-17 Through 2020-21
(In Millions Of Gallons Per Day)

District	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21
Joint Outfall System[1]	355.63	349.31	352.21	344.79	345.62

(1) Joint Outfall System is comprised of Districts Nos. 1, 2, 3, 5, 8, 15, 16, 17, 18, 19, 21, 22, 23, 28, 29, 34 and SBC.

Competition

The Participating Districts are the sole providers of sanitary sewage treatment and disposal services within their respective service areas. All of the Participating Districts' sanitary sewage treatment and disposal facilities are operated and maintained by the Districts' staff.

Customers

The estimated number of sewage units (billing units) served by the Participating Districts and the corresponding user fees and ad valorem taxes related to each for Fiscal Year 2020-21 are presented in the table below. A sewage unit is defined to be the average daily quantity of wastewater flow and strength from a single family home. Following this table is a list of the ten largest customers of the Participating Districts, their total billing for Fiscal Year 2020-21, and the percentage each represents of the total user charges collected that year.

TABLE 6
ESTIMATED SEWAGE UNITS BY CUSTOMER TYPE,
USER FEES AND AD VALOREM TAXES
Fiscal Year 2020-21

	Number of Sewage Units[1]						
District	**Residential**	**Commercial**	**Industrial**	**Contract**	**Sewage Units**	**User Fees [2]**	**A.V. Taxes [2]**
Joint Outfall System	1,250,432	515,225	212,913	19,116	1,978,571	$373,782,000	$81,436,000

(1) A sewage unit is the average daily quantity of sewage flow and strength from a single family home.
(2) Amounts based on actual billings as presented in the 2021 Annual Comprehensive Financial Report.

TABLE 7
TEN LARGEST CUSTOMERS[1]
FISCAL YEAR 2020-21

	Company	**Fiscal Year Billing**	**% of Total User Charges[1]**
1.	Smithfield Packaged Meats Corp.	$ 4,385,249	1.17%
2.	Torrance Refining Company LLC	3,950,556	1.06
3.	Tesoro Refining & Marketing Company LLC	3,054,625	0.82
4.	DeMenno/Kerdoon, dba World Oil Recycling	2,405,515	0.64
5.	Tesoro Refining & Marketing Company LLC	2,376,756	0.64
6.	Coast Packing Company	1,999,266	0.53
7.	Phillips 66 Company	1,796,793	0.48
8.	Heritage Distributing Co. Inc dba Ninth Street Dairy	1,396,528	0.37
9.	DFA Dairy Brands Fluid, LLC dba Alta Dena Dairy - COI North	1,348,627	0.36
10.	Saputo Cheese USA Inc.	1,199,634	0.32
	TOTAL:	$23,913,549	6.40%

(1) The percentage of a Participating District's total user charges paid by its largest customer varies from Participating District to Participating District and is sometimes substantially higher than that shown in Table 7 for the combined Participating Districts.

Supplies. All essential supplies for the operation and maintenance of the facilities of each Participating District are readily available at reasonable market prices. All chemicals are stored in quantities sufficient to supply operations for several weeks. Back-up supplies are maintained in case of emergency or system failure.

PFAS. In July 2020, SWRCB issued an investigative order (the "Investigative Order") that required public agencies operating publicly owned treatment works ("POTWs") that have a design capacity at or exceeding one million gallons per day to sample and analyze water treated in the POTWs for the detection of certain Per- and polyfluoroalkyl substances ("PFAS").

PFAS are part of a family of synthetic compounds that are water and lipid resistant substances. PFAS are used in a variety of manufacturing processes and are used in the production of a wide range of industrial and household applications. In 2017, the United States Environmental Protection Agency (the "EPA") has previously released a statement that, based on peer-reviewed studies on laboratory animals and epidemiological evidence in human populations, exposure to Perfluorooctanoic acid ("PFOA") and Perfluorooctanesulfonic acid ("PFOS"), which are in the PFAS family, over certain levels may result in adverse health effects. In 2019, SWRCB's Division of Drinking Water established notification and response levels for PFOA and PFOS detected in drinking water, which required public agencies providing drinking water to take certain actions when PFOA or PFOS exceeded such levels. In 2020, the Division of Drinking water lowered the notification and response levels from those established in 2019.

SWRCB, in issuing the Investigative Order, was concerned that if PFAS-bearing wastes were discharged into a wastewater collection system, then such PFAS would potentially be discharged from the POTWs in the effluent and biosolids. According to SWRCB, the discharge of effluent could pose a threat to water quality if the effluent was discharged directly to surface waters or allowed to percolate to groundwater and land application of biosolids could potentially pose a threat to water quality by constituents percolating to groundwater or through water carry constituents to the surface.

The Participating Districts are performing the sampling and analysis required by the Investigative Order and has submitted completed results to the SWRCB. As of the date of this Official Statement, the SWRCB has not contacted any of the Participating Districts regarding their submissions to SWRCB.

Currently, State and federal regulatory agencies have not established maximum limits for PFAS detected in POTWs; however, no assurance can be provided that future regulatory action will not be taken. Compliance with any such future regulations could result in an increase in capital expenditures and maintenance costs in order to comply with such regulations.

Biosolids Management

The solid residuals that are produced during the treatment of wastewater and processed to meet certain quality criteria are classified by the U.S. Environmental Protection Agency as biosolids. The Districts produce biosolids at the Joint Water Pollution Control Plant (JWPCP), the Valencia Water Reclamation Plant (WRP), the Lancaster WRP, and the Palmdale WRP. About 7% of the Districts' biosolids (dry basis) are produced at the Valencia, Palmdale, and Lancaster WRPs, with the rest produced at the JWPCP, which processes the solids from the Participating Districts' six upstream WRPs. The Districts have a diversified biosolids management program, which includes a number of management options.

The Districts' biosolids are currently managed at: (i) an indoor composting facility in San Bernardino County, which was developed under a joint powers agreement between the Districts and the Inland Empire Utilities Agency; (ii) a Districts-owned and operated composting facility in Kings County; (iii) a privately-owned composting facility in Kern County, (iv) a privately-owned composting facility in San Bernardino County, (v) a privately-owned composting facility in La Paz County, Arizona; (vi) a private land-application operation with sites in Yuma County, Arizona; (vii) a privately-owned landfill facility in Kern County; (viii) a privately-owned landfill facility in Imperial County; and (ix) a privately-owned organics drying and energy recovery facility in San Bernardino County.

In the past, a portion of the Districts' biosolids was transported to Kern and Kings Counties in central California, where biosolids were directly applied to marginal farmland to amend the soil and improve its productivity. A number of counties near the Districts, including Kern, Kings, and Imperial Counties, enacted ordinances imposing certain restrictions on the direct land application of biosolids. Several of the ordinances were overturned in subsequent years and new CalRecycle rules (SB 1383) codify these decisions by banning local ordinances that "prohibit or unreasonably restrict" biosolids land application.

In 2016 the Districts began operations at its own facility, Tulare Lake Compost in Kings County. As needed, construction of additional phases of this facility could provide enough capacity for long-term management of almost all of the Districts' biosolids. The anticipated cost for biosolids reuse is expected to range between 8% and 9% of the Districts' annual wastewater Operating and Maintenance budget.

Permits and Compliance

The Participating Districts are subject to the regulatory authority of the Los Angeles Regional Water Quality Control Board (RWQCB). Each of the Participating Districts' treatment facilities are operated under permits issued by the Los Angeles RWQCB that regulate the treated effluent quality and are specific to the disposition of the treated effluent. Treatment facilities discharging directly to surface water bodies (i.e. streams, rivers, or the ocean) operate under a National Pollution Discharge Elimination System (NPDES) permit. Treatment facilities that produce recycled water for direct reuse (water reclamation plants or WRPs) operate under reuse permits. Direct reuse applications include landscape, agricultural and nursery irrigation, paper manufacturing, carpet dying, concrete mixing, oilfield injection, construction site dust control, and soil compaction. Treatment facilities whose recycled water is used for recharge of groundwater aquifers operate under groundwater recharge permits. While treatment plant effluent limits for conventional pollutants are similar for certain of these regulatory mechanisms, many reuse options require higher levels of virus inactivation through disinfection. In some instances, a particular facility may operate under two or three of these types of discharge or reuse permits depending on the use of multiple effluent management options. The Participating Districts believe that they have obtained all permits and licenses presently necessary to operate their facilities in accordance with federal and state laws. See "ACQUISITION AGREEMENT – Covenants of the Participating Districts" in APPENDIX D – "SUMMARY OF CERTAIN LEGAL DOCUMENTS," attached hereto. A summary of operating permits and the corresponding expiration dates is shown in Table 8.

TABLE 8
PARTICIPATING DISTRICTS' WASTEWATER TREATMENT PLANTS PERMITS AND EXPIRATION DATES

Plant	Design Capacity (MGD)	Treatment Level	NPDES Permit	Reuse Permit (Does not expire)	Groundwater Recharge Permit (Does not expire)
Joint Water Pollution Control Plant (JWPCP)	400	Secondary	NPDES No. CA0053813 (R4-2017-0180) Exp. 10-31-22		
Long Beach WRP	25	Tertiary	NPDES[1] No. CA0054119 (R4-2015-0123) Exp. 07-31-20	Order Nos. 87-47 & 97-02	
Los Coyotes WRP	37.5	Tertiary	NPDES No. CA0054011 (R4-2021-0142) Exp. 01-31-27	Order No. 2016-0068-DDW	
Pomona WRP	15	Tertiary	NPDES No. CA0053619 (R4-2021-0097) Exp. 07-31-26	Order Nos. 81-34 & 97-02	Order Nos. 91-100 & R4-2009-0048
San Jose Creek WRP	100	Tertiary	NPDES No. CA0053911 (R4-2021-0131) Exp. 11-30-26	Order Nos. 77-50 & 97-02	Order Nos. 91-100 & R4-2009-0048
Whittier Narrows WRP	15	Tertiary	NPDES No. CA0053716 (R4-2021-0096) Exp. 07-31-26	Order No. 2016-0068-DDW	Order Nos. 91-100 & R4-2009-0048
La Cañada WRP	0.2	Secondary		Order No. 00-099	

1. An application for permit renewal was submitted prior to expiration; in conformance with RWQCB policy, and the new permit is anticipated to be adopted by the Los Angeles RWQCB in February 2022.

A Participating District is required to file a Report of Waste Discharge 180 days prior to the expiration date of the existing NPDES permit. From this information, the RWQCB will prepare and circulate for public comment a proposed NPDES permit for adoption at a future RWQCB meeting. Each permit typically contains a clause that allows for the permit to be reopened to allow for the inclusion of new regulations or requirements. As a result, the Participating Districts could be subject to significantly stricter discharge standards that would require additional capital investments in the treatment facilities. Orders requiring capital construction generally include time schedules for the completion of required work. The Participating Districts' staff work closely with RWQCB staff to try to assure that the RWQCB establishes reasonable and cost-effective objectives and regulations. In fact, as noted in the "FINANCIAL INFORMATION – Historical and Projected Operating Data," the Participating Districts are undertaking several water quality studies to assist the applicable RWQCBs in making their findings. If necessary, the Participating Districts would seek administrative and judicial review of any water quality standards that the Participating Districts believe are unreasonable.

The specific federal, state and local regulations applicable to the Participating Districts are revised regularly. The cost of compliance with enhanced regulatory requirements are often substantial. Except as expressly stated herein, the Participating Districts believe they are in material compliance with all applicable permits and regulations; however exceedances of applicable regulations may occur on an infrequent basis. Except as described herein, when such exceedances of applicable regulations occur, the Participating Districts take immediate corrective actions. The exceedances for November and December 2021 are not finalized yet and therefore the following violations described for NPDES, reuse, and groundwater recharge permits are subject to change.

Enforceable Effluent Limits

Table 9 contains the number of violations of the enforceable effluent limits in 2021 at each treatment facility. As shown, there was one violation each at the Los Coyotes, San Jose Creek, and La Cañada WRPs. There were no violations at any of the Participating Districts' other treatment facilities. Certain types of violations are considered "mandatory enforcement" violations requiring a fine of $3,000 per incident. Other violations may be punishable by fine at the discretion of the applicable RWQCB. All of the violations in 2021 were non-mandatory and resulted in no enforcement, penalty, or fine.

Reuse Permit Compliance

In addition to the effluent limitations contained in NPDES permits, the Long Beach, Los Coyotes, Pomona, San Jose Creek, Whittier Narrows, and La Cañada WRPs each have limitations contained in reuse permits. In 2021, the Long Beach, Pomona, and San Jose Creek WRPs had one violation each. These violations were non-mandatory and resulted in no enforcement, penalty, or fine.

Montebello Forebay Groundwater Recharge Permit Compliance

As mentioned above, the Pomona, San Jose Creek, and Whittier Narrow WRPs also operate under a third type of permit, which allows for the application of recycled water for groundwater recharge at the Montebello Groundwater Recharge Project. In 2021, the San Jose Creek had six exceedances of the daily maximum limit for total dissolved solids (TDS) contained in the recharge permit.

While the current recharge permit does not contain monitoring and reporting requirements for N-nitrosodimethylamine (NDMA) for groundwater recharge at the Montebello Forebay Groundwater Recharge Project, the Participating Districts have been conducting low-level monitoring for NDMA in the San Jose Creek, Pomona, and Whittier Narrows WRPs effluent since 2000 at the request of DDW. Results from the low-level monitoring indicate that San Jose Creek and Pomona WRPs effluent NDMA concentrations exceeded California's NDMA drinking water notification level of 10 ng/L on a running annual average basis for each month during 2021. State regulations for surface application of recycled water for groundwater recharge allow for water quality to be assessed in the recharge water for constituents for which DDW has established an NL. Groundwater monitoring wells sampling is being proposed for the purpose of evaluating compliance in the recharge water. In 2021, NDMA was not detected above the NL in samples collected from the groundwater monitoring wells proposed for compliance and NDMA was not detected in samples collected from production wells monitored for the project. Similarly, although monitoring for 1,2,3-trichloropropane (1,2,3-TCP) is not required under the current recharge permit, the Sanitation Districts initiated 1,2,3-TCP monitoring in the San Jose Creek, Pomona, and Whittier Narrows WRPs effluent in 2015. In 2021, the San Jose Creek WRP effluent running annual average exceeded the maximum contaminant level (MCL) for 1,2,3-TCP once. In 2021, 1,2,3-TCP was not detected in samples collected from the groundwater monitoring wells for the project. Additionally, although monitoring for odor is not required under the recharge permit; the Sanitation Districts initiated monitoring for odor in 2018. In 2021, the running annual average at the Pomona, San Jose Creek, and Whittier Narrows WRPs exceeded the secondary MCL for odor in February, June, August, and December 2021. Odor does not pose a health hazard, but is of aesthetic concern. The Participating Districts do not anticipate enforcement action related to above exceedances, and discussions with Los Angeles RWQCB and DDW have indicated that the effluent limitations based on notification levels and secondary MCLs would be removed during the next groundwater recharge permit update and instead compliance would be assessed using samples collected from groundwater monitoring wells.

TABLE 9
PARTCIPATING DISTRICTS' WASTEWATER TREATMENT PLANT EFFLUENT LIMITATION COMPLIANCE

Plant	Number of Enforceable Effluent Limits[a] (Annual)	Number of Violations[b] (Calendar Year 2021)	Comments
Joint Water Pollution Control Plant (JWPCP)[c]	4,600	0	Platinum Award from the National Association of Clean water Agencies (NACWA) for 0 violations for five consecutive years
Long Beach WRP[c]	5,700	0	NACWA Gold Award for 0 violations in a single year
Los Coyotes WRP[c]	5,600	1	NACWA Silver Award for 1 violation in a single year
Pomona WRP[c]	4,200	0	NACWA Gold Award for 0 violations in a single year
San Jose Creek WRP[c, d]	7,200	1	San Jose Creek, East: NACWA Silver Award for 1 violation in a single year San Jose Creek, West: NACWA Gold Award for 0 violations in a single year
Whittier Narrows WRP[c]	6,500	0	Six consecutive years with no effluent violations. Platinum Award for 0 violations for five consecutive years
La Cañada WRP[e]	1,500	1	NACWA Silver Award for 1 violation in a single year

a. Approximate value as of January 1, 2022.
b. Violations for November and December 2021 have not yet been finalized so the total number of violations are subject to change.
c. Treatment plant has NPDES discharge requirements
d. NACWA Awards are determined for San Jose Creek East and West separately.
e. Treatment plant has water recycling requirements.

Significant Regulatory Issues

The following is a summary discussion of various significant regulatory issues relating to the Participating Districts and certain of the Participating Districts' facilities:

Temperature

The Los Angeles RWQCB recently lowered the upper limits for temperature in NPDES discharge permits issued to Participating Districts' WRPs. NPDES permits recently renewed for the San Jose Creek, Pomona, Whittier Narrows, Long Beach, and Los Coyotes WRPs now include a new, more stringent upper temperature limitation for effluent discharged to surface water. Because the Participating Districts' WRPs cannot currently meet this limitation, the Los Angeles RWQCB has included an in-permit 10-year compliance schedule to address the work necessary to bring the WRPs into compliance. The first several years of the compliance schedule allow the Participating Districts to conduct technical studies to evaluate the new limitation and, if appropriate, propose a new site-specific objective and/or preferred project for regulatory approval. The Districts issued a Request for Proposals (RFP) on December 7, 2021 to provide consulting services to evaluate temperature impacts on surface waters in the San Gabriel River watershed that receive treated effluent from Participating Districts' WRPs. A selection committee will review the proposals and select a consultant in first quarter 2022 and commence work on preparation of the technical studies thereafter.

PFAS

In July 2020, the State Water Resources Control Board (SWRCB) issued an investigative order (Investigative Order) that required public agencies operating publicly owned treatment works (POTWs) that have a design capacity at or exceeding one million gallons per day to sample and analyze water treated in the POTWs for the detection of certain per- and polyfluoroalkyl substances (PFAS). Wastewater treatment plants within the JOS were subject to the Investigative Order.

PFAS are part of a family of synthetic compounds that are water and lipid resistant substances. This suite of chemicals also includes the compounds perfluorooctanoic acid (PFOA), perfluorooctanesulfonic acid (PFOS) and perfluorobutane sulfonic acid (PFBS). PFAS are used in a variety of manufacturing processes and in the production of a wide range of industrial and household applications. In 2017, the United States Environmental Protection Agency (EPA) released a statement that, based on peer-reviewed studies on laboratory animals and epidemiological evidence in human populations, exposure to PFOA and PFOS over certain levels may result in adverse health effects. In 2019, SWRCB's Division of Drinking Water (DDW) established notification and response levels for PFOA and PFOS detected in drinking water, which required public agencies providing drinking water to take certain actions when PFOA or PFOS exceeded such levels. In 2020, DDW lowered the PFOS and PFOA notification and response levels from those established in 2019. In 2021, DDW issued the notification and response level for PFBS.

SWRCB, in issuing the Investigative Order, was concerned that if PFAS-bearing wastes were discharged into a wastewater collection system, then such PFAS would potentially be discharged from the POTWs in the effluent and biosolids. According to SWRCB, the discharge of effluent could pose a threat to water quality if the effluent was discharged directly to surface waters or allowed to percolate to groundwater and land application of biosolids could potentially pose a threat to water quality by constituents percolating to groundwater or through water carry constituents to the surface. The Districts have performed the sampling and analysis required by the Investigative Order and have submitted completed results to the SWRCB.

Currently, State and federal regulatory agencies have not established maximum limits for PFAS detected in POTWs; however, no assurance can be provided that future regulatory action will not be taken. Compliance with any such future regulations by the Sanitation Districts could result in an increase in capital expenditures and maintenance costs in order to comply with such regulations.

Carson Sewer Spill

In the afternoon on December 30, 2021, a sewer overflow on 212th Street in the city of Carson was reported to the LACSD. LACSD staff responded and discovered a section of sewer located adjacent to the 110 Freeway immediately south of 220th Street had collapsed, forming a sinkhole and blocking the sewer, triggering an overflow upstream. LACSD initiated the deployment of bypass pumps, and by approximately 9pm on December 31 the bypass pumps were fully operational, and the overflow stopped. LACSD estimates that approximately 8.5 million gallons overflowed into the storm drain and ultimately into Dominguez Channel and Los Angeles Harbor. The overflow did not damage any homes or businesses in the area. LACSD washed the street, driveways and residents' cars to remediate any contamination by untreated wastewater. Landscaping repairs were also performed by LACSD. LACSD began work to clear the obstructions at the collapsed sewer on December 30, and by January 3 flow was restored through the sewer. Permanent repairs were made by LACSD to the sewer that were completed by January 13, 2022. LACD staff is expediting repairs to nearby stretches of the sewer that were found to have indications of damage similar to those found in the collapsed sewer section that caused the overflow on December 30, 2021. The cause of the collapse is being investigated. Record-setting rainfall was experienced in the area at the time of the incident and may have contributed to the failure. The total cost of the failure and emergency and expedited repairs are estimated to be between approximately $3 to $5 million. The costs are not expected to have a materially adverse effect on the LACSD's financial condition.

Cyber Security

The LACSD maintain a multi-tiered suite of tools to secure its computer network and underlying data. All internet traffic and email traffic are filtered by third-party services that scan for the latest threats. This scanning blocks malicious payloads and also prevents staff from accessing potentially dangerous content on the web. All web traffic entering the LACSD's network is filtered through a central firewall appliance. Internal network traffic is further scanned by an intrusion prevention appliance for malicious activity. The LACSD maintain an aggressive endpoint scanning solution that regularly scans workstations and servers for malware. The LACSD's Office 365 infrastructure is secured for external access with multifactor authentication. The LACSD's network is segmented to minimize the potential for the lateral spread of malware through the enterprise. LACSD's staff undergo annual cybersecurity training and receive monthly updates on cybersecurity principles.

LACSD' documents are secured in an enterprise document management system ("DMS") with role-based security access. On-premise DMS documents, databases, and network drives are backed up regularly to on-site appliance-based archival servers. These servers, in turn, are regularly archived to tapes that are stored at an off-site third-party repository. Cloud-based Office 365 content (OneDrive, SharePoint, Exchange) is archived beyond standard Microsoft data management, via a third-party cloud-based service. The use of off-site tape backups coupled with additional cloud-based backups of Office 365 data further protects the LACSD from ransomware attacks. In the event that primary on-premise archives or even the LACSD's cloud-based Exchange email environment were infected with ransomware, additional physically-disconnected data backups are available for recovery.

COVID-19 Pandemic

As described further under the caption "CERTAIN RISK FACTORS—COVID-19 Pandemic," the spread of COVID-19 has had 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 the County of Los Angeles. The purposes 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.

Over the course of the pandemic, the State and the County have issued various stay-at-home orders and other guidance and restrictions on businesses and other activities, which severely restricted the movements of residents and operations of business and related activities. Due to these orders, the LACSD has implemented a telecommuting plan to reduce the number of District employees in office workplaces as needed and staggered plant and field staff schedules and modified work practices to reduce close contact. Standard safety precautions such as distancing, mask use, cleaning and sanitization are being practiced. Operations and maintenance activities have been able to continue without significant interruption and there have been no significant outbreaks at any LACSD facility.

The Participating Districts did not experience any noticeable reduction in rate revenues for Fiscal Year ending June 30, 2021 and expects that it will also not experience any significant reduction of revenue in the future because sewer charges are primarily billed on the tax roll.

See "CERTAIN RISK FACTORS—COVID-19 Pandemic for a discussion of certain investor considerations relating to the COVID-19 Pandemic.

Master Planning

Periodically, the Participating Districts prepare master facilities plans to assess wastewater and solid waste management needs during an identified planning period (typically consisting of the following 20 years after preparation of the master plans). The objectives of the master planning process reflect the ultimate mission of the Participating Districts to protect public health and the environment through innovative and cost-effective wastewater and solid waste management. Specifically, the objectives are to (1) provide long-term solutions for meeting water quality requirements set forth by regulatory agencies, (2) provide for overall system reliability by allowing for the inspection, maintenance, repair, and replacement of aging infrastructure, (3) provide support for emerging recycled water reuse and bio-solids beneficial use opportunities, and (4) provide adequate system capacity to meet the needs of the growing population.

With respect to providing sufficient wastewater capacity, these master planning efforts are typically initiated at least 5 years before additional treatment capacity is needed. This allows enough time to ensure that the facilities are constructed and operational before they are needed.

The Participating Districts also routinely exchange development and planning information with local jurisdictions. The Participating Districts provide the cities and the County with information on existing wastewater facilities and future facilities planning (including population forecasts and development monitoring lists) and, in turn, receive development and land use information from the cities and the County. This exchange aids the local jurisdictions in the development of their general plans and allows the Participating Districts to maintain current estimates of projected wastewater demand.

Clearwater Program

The Clearwater Program is a comprehensive planning effort undertaken by the Joint Outfall Districts. Under the Clearwater Program, a Master Facilities Plan ("MFP") was developed for the Joint Outfall System. The Clearwater Program MFP includes an evaluation of infrastructure needs and will serve to guide the management and development of the Joint Outfall System through the year 2050.

Certain elements of the Clearwater Program MFP would require federal permits from the U.S. Army Corps of Engineers ("Corps"). Consequently, the Sanitation Districts partnered with the Corps in preparing a joint environmental document – the Clearwater Program Environmental Impact Report/Environmental Impact Statement ("EIR/EIS") – to evaluate the potential environmental impacts of the plan recommended in the MFP and its alternatives. District No. 2 is the lead agency for the EIR under the California Environmental Quality Act ("CEQA"), and the Corps is the federal lead agency for the EIS under the National Environmental Policy Act ("NEPA").

The Clearwater Program addressed some very specific goals and objectives including system capacity to meet the needs of growing communities, system reliability and aging infrastructure, emerging beneficial use opportunities for recycled water and biosolids, and long-term solutions for meeting water quality requirements. A key recommendation from the Clearwater Program was to modify the existing ocean discharge system by constructing a new onshore tunnel, which would connect to the existing ocean outfalls. Although there is currently no indication of significant problems, it is impossible to inspect the tunnels, which have been in service for over 70 years, and assess their condition since they cannot be taken out of service. Construction of a new tunnel would ensure the overall reliability of the effluent disposal system from JWPCP and allow the existing tunnels to be taken out of service and rehabilitated as necessary. This work, which began construction in 2019, had a bid estimate of approximately $630 million. A tunnel boring machine was launched in the fall of 2021 to construct the new tunnel. Completion of the project is expected in 2027.

The Clearwater Program Facility Plan and Environmental Impact Report were approved by District No. 2's Board of Directors in November 2012.

Capital Improvement Program

The Participating Districts conduct capital improvement planning on an ongoing basis for the rehabilitation, upgrade, and expansion of facilities, equipment, and improvements necessary to meet current and future needs for wastewater conveyance, treatment, and disposal services within their current and projected service areas. The Participating Districts' capital program planning includes project scheduling, phasing, preliminary cost estimating, overall capital program coordination, and integration with other Districts' activities. Capital program planning is carried out on a project-by-project basis for each District and is routinely conducted on up to a ten-year basis, and, in some cases, on a longer basis if required to meet various program requirements of the Participating Districts.

The following table sets forth a summary of estimated project costs for the combined Participating Districts' ten-year capital improvement program. Projects are summarized in certain categories for two five-year planning periods for fiscal years 2021 through 2025 and fiscal years 2026 through 2031, respectively.

TABLE 10
CAPITAL IMPROVEMENT PROGRAM
ESTIMATED COSTS ($000)
(All Participating Districts)

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Fiscal Year 2025-26	Total
Sewer Projects	$ 28,210	$ 76,940	$ 82,189	$ 45,970	$ 40,265	$ 273,574
Pumping Plants	7,064	14,643	33,361	49,150	37,495	141,712
Treatment Plants	97,628	97,163	97,672	89,260	70,275	451,998
Tulare Lake Compost	1,310	1,310	125	325	75	3,145
Clearwater	130,000	100,000	96,500	90,000	139,448	555,948
Joint Administration	15,103	10,050	5,050	300	3,000	33,503
Miscellaneous	5,132	2,430	1,500	35,000	32,050	76,112
Contract	473	642	472	600	780	2,967
TOTAL:	$ 284,919	$ 303,178	$ 316,868	$ 310,605	$ 323,388	$ 1,538,958

The primary funding sources for the capital improvement program shown in the preceding table are user charges, connection fee revenues (See “FINANCIAL INFORMATION—Revenues.”), State Loans obtained through the Clean Water State Revolving Fund (“SRF”) program, and a Water Infrastructure Finance and Innovation Act (WIFIA) Loan obtained from the EPA. Connection fees are levied upon new users who are connecting to the Sewerage System for the first time or existing users who are significantly increasing their level of discharge. The connection fees are placed in a separate Capital Improvement Fund and are only withdrawn to pay for expansion-related capital projects or to make interfund loans to pay for other capital projects as provided in the Master Connection Fee Ordinance.

Substantial funding from user charges and connection fees is currently in place for the projects shown in Table 10. All additional necessary funding from user charges and connection fees will be derived from currently authorized rates and future increases in rates described in this Official Statement. See “FINANCIAL INFORMATION—Revenues.” In addition to the primary funding sources described above, remaining capital improvement program funding may be provided by additional parity or subordinate bonds, as necessary. [As described herein, through 2027 the Participating Districts currently expect to enter into additional State Loans of approximately $142 million and a WIFIA Loan of approximately $420 million, for which they are in the process of or anticipate receiving but have not yet entered into. Debt service with respect to all Obligations which the Participating Districts expect to incur in connection with the capital improvement program has been included in the projected operating results in Table 13 (to the extent any such additional Obligations commence repayment during the projection period).

Other Major Initiatives

Recycled Water

In an effort to help alleviate the statewide drought, the Participating Districts continue to work toward maximizing recycling of the high-quality effluent produced by the WRPs. Working with local water agencies, a number of new projects are being considered to replace the use of imported water with recycled water. The effort includes new distribution piping systems to meet irrigation and industrial supply needs that will serve areas within the County not previously served. During fiscal year 2020-21, the Participating Districts supplied an average of almost 93 million gallons per day of recycled water to more than 851 reuse sites.

Furthermore, the Participating Districts worked with the Water Replenishment District of Southern California to implement a program to recycle additional water for replenishment of the Central Basin groundwater aquifer. This groundwater replenishment program provides for up to 21,000 acre-feet per year of advanced-treated recycled water from the LACSD's San Jose Creek WRP to replenish local groundwater supplies.

The Participating Districts have also evaluated how additional supplies of recycled water can be made available from all Districts’ facilities, including the JWPCP. In furtherance of that objective, the Participating Districts are working with the Metropolitan Water District of Southern California on an alternatives analysis and CEQA document to examine advanced treatment of a significant portion of JWPCP effluent (which is currently discharged to the Pacific Ocean) to further supplement local supplies with recycled water. The Final CEQA document is expected in early 2024.

FINANCIAL INFORMATION

Following is information concerning the revenues of the Participating Districts as well as a description of budgetary procedures.

Revenues

Ad Valorem Taxes

One of the revenue sources of the Participating Districts is the pro rata share of the 1% ad valorem property tax levied by the County pursuant to Proposition 13. All of the ad valorem taxes of a Participating District are first used to help offset operation and maintenance expenses and then are used to pay the Obligations of the District.

Property values in many of the Participating Districts have increased steadily since the 2008 recession. In addition, certain Participating Districts have seen an increase in ad valorem taxes with the dissolution of redevelopment agencies and the redistribution of their ad valorem taxes. See “Historical and Projected Operating Data – Ad Valorem Taxes” for a discussion on the assumptions regarding future ad valorem taxes and Table 8 for the historical ad valorem receipts of each of the Participating Districts.

Service Charges

Subsequent to the passage of Proposition 13 in 1978, the Districts implemented a user fee program in order to offset the loss of Ad Valorem Tax revenues. Each District adopted a Master Service Charge Ordinance establishing the structure and mechanism for levying such a charge on all residential and commercial users. Each user’s cost is based on its proportionate usage of the system, measured in terms of flow and strength (chemical oxygen demand and suspended solids). These parameters are combined into a single factor, the sewage unit. A sewage unit is equal to the discharge from a single-family home, and all other users are proportioned according to that standard. Under this system, each discharger is placed in a user category with assumed loading factors per unit of usage (e.g., number of units, square footage) that reflect the expected discharge from that category. By determining the number of units of usage for a given parcel, the number of sewage units attributable to each parcel can be calculated. The charge per sewage unit is then calculated by dividing the required supplemental revenue by the total number of sewage units in a Participating District. The resulting service charge is designed to recoup the cost of operation and maintenance expenses and upgrade capital. To ensure complete and speedy payment of the service charge, it is collected as a separate line item on the property tax bill. Nonpayment of any portion of the bill constitutes a specific lien on the property. See “FINANCIAL INFORMATION—Tax Levies and Delinquencies.”

Set forth in Table 11 is a summary of the historical and projected service charge rates in each of the Participating Districts. In order to put these rates in perspective, Table 12 has been provided comparing the average Joint Outfall System service charge rate with other similarly sized sewerage agencies around the United States. Agencies that do not provide the same level of treatment and agencies that treat storm water flows through a combined sewer system were not included in the survey. Additionally, the Joint Outfall System rate was adjusted to reflect the total cost to a homeowner by including the proportion of the Ad Valorem Taxes received by the Participating Districts and the cost of the local collector sewers (which are maintained by the local cities or the county).

The footnotes following Table 11 identify the status of approval of the projected increases identified in Table 11. There can be no assurances that the projected rate increases will be approved and, if approved, will not be the subject of a majority protest pursuant to Proposition 218. The projected operating results assume that the rate increases identified in Table 11 will be implemented. In the event such rate increases are not implemented with respect to a Participating District, such circumstances could have a material adverse impact on the financial condition of such Participating District.

TABLE 11
PARTICIPATING DISTRICTS' HISTORICAL AND PROJECTED SERVICE CHARGE RATES
(DOLLARS PER SINGLE FAMILY HOME PER YEAR)

DIST. (JO)[1]	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Fiscal Year 2025-26	Fiscal Year 2026-27
1	$ 178	$ 183	$ 188	$ 193	$ 193	$ 196[2]	$199[2]	$202[2]	$205[2]	$210
2	169	173	177	181	181	185[2]	189[2]	193[2]	197[2]	202
3	166	169	172	175	175	184[2]	193[2]	202[2]	211[2]	220
5	155	159	163	167	167	171[3]	175[3]	179[3]	183[3]	187
8	180	186	192	198	198	203[2]	208[2]	213[2]	218[2]	223
15	154	157	160	163	163	167[4]	171[4]	175[4]	179[4]	185
16	151	154	157	160	160	160[4]	160[4]	160[4]	160[4]	164
17	152	155	158	161	161	165[4]	169[4]	173[4]	177[4]	182
18	170	174	178	182	182	185[4]	188[4]	191[4]	194[4]	200
19	164	167	170	173	173	175[3]	177[3]	179[3]	181[3]	185
21	167	171	175	179	179	182[4]	185[4]	188[4]	191[4]	198
22	162	166	170	174	174	177[4]	180[4]	183[4]	186[4]	193
23	126	128	130	132	132	0	0	0	0	0
28	138	140	142	144	144	0	0	0	0	0
29	339.75	339.75	339.75	339.75	339.75	349[2]	358[2]	367[2]	376[2]	388[2]
SBC[1]	130	132	134	136	136	75[3]	75[3]	75[3]	75[3]	75

(1) JO indicates Joint Outfall and SBC indicates South Bay Cities.
(2) Rates for Fiscal Years 2022-23 through 2025-26 were approved by the respective Boards of the Participating Districts in accordance with Proposition 218 on February 9, 2022.
(3) Rates for Fiscal Years 2022-23 through 2025-26 were approved by the respective Boards of the Participating Districts in accordance with Proposition 218 on February 16, 2022.
(4) Rates for Fiscal Years 2022-23 through 2025-26 were approved by the respective Boards of the Participating Districts in accordance with Proposition 218 on February 23, 2022.

TABLE 12
COST OF FY 2020-21 SEWER SERVICE IN VARIOUS METROPOLITAN CENTERS IN THE UNITED STATES
($ PER YEAR PER SINGLE FAMILY HOME)

Agency	Cost of Service
Joint Outfall System	$261*
Denver	477
Los Angeles	344
Seattle	1,429
Orange County SD	543*
Dallas	398
San Diego	575
Houston	666
Miami	626

* The total cost includes the annual service charge, the pro rata share of ad valorem taxes, and the local city sewer maintenance charge. In the Joint Outfall Districts, these are $174.28, $44.50, and $42.43 per year, respectively.

Connection Fees

Connection fees are levied upon all dischargers who either are connecting to the Sewerage System for the first time or who are significantly increasing their level of discharge. Anticipated discharge is measured in terms of flow and strength (chemical oxygen demand and suspended solids), and based on loadings per unit of usage (for residential and commercial users) or by an engineer's evaluation of the actual facility (for industrial waste users). Through June 30, 2020, the fees were designed such that each user paid for the cost of constructing the capacity required to accommodate the user's anticipated discharge. The connection fee rate was based on the estimated cost of constructing an incremental expansion of the Sewerage System (both treatment and conveyance). All connection fees were placed in the Capital Improvement Fund and are only withdrawn to pay for expansion-related capital projects (including debt service for those projects). Commencing July 1, 2020, a new connection fee ordinance was adopted with a connection fee calculated based on the new user's proportionate share of the Participating District's net assets, and the fees received are no longer restricted to expansion capital and now can be used to pay for any capital project. There can be no assurance that the connection fees received will be sufficient to pay for capital projects or that payment of any deficiency from Revenues will not materially adversely affect the ability of the Participating Districts to generate Net Revenues in the amounts sufficient to pay Installment Payments.

Contracts

The Participating Districts generate revenue from the sale of byproducts and sewage disposal services. The sale of byproducts includes the sale of reclaimed water, biosolids, and excess gas or energy produced at the JWPCP. It also includes the rental and lease of properties not currently needed to accommodate treatment or conveyance facilities. Such revenues are usually received through long-term contracts, and rates are set by present market conditions. The Participating Districts also generate revenue through the sale of sewage disposal services to certain facilities located outside of the Participating Districts' boundaries. While most of these sewage disposal services contracts are with individual property owners for their specific parcels, the Participating Districts have one wholesale contract with the Inland Empire Utilities Agency for the treatment of industrial wastewater.

Industrial Waste Surcharge

In 1972, the Participating Districts instituted a surcharge program for industrial discharges. The program requires industrial discharges to pay for operation, maintenance and upgrade capital according to their use of the sewerage system. Usage is measured in terms of three parameters: flow, chemical oxygen demand, and suspended solids. Also, dischargers with excessive peak flows must pay an additional peak flow charge. Lastly, industrial dischargers must pay a supplemental charge if their wastewater contains either benzene or thiosulfate. The method for determining the surcharge rates is similar to that for determining the service charge rate. See "Revenues – Service Charges" above.

Investment Income

The Participating Districts' investment income is comprised of interest received on funds maintained by each Participating District during each Fiscal Year. The amount of such income varies from year-to-year and depends on both the cash balances maintained by each Participating District and the prevailing interest rate. Each Participating District has adopted an investment policy that provides for safety of principal, adequate liquidity, and earns a market rate of return. The investment policies further defines the permissible investments and establishes requirements for diversification to eliminate the risk of loss resulting from an overconcentration of assets in a specific issuer or a specific class of securities.

Budgetary Process

Each Participating District's budget consists of three major categories: (i) operation and maintenance, (ii) capital, and (iii) debt service. Costs within the first two categories can be further subdivided into two sub-groups: those related to the operation and ownership of joint facilities and those related to a Participating District's individually owned and operated facilities. The vast majority of these costs are joint.

Operation and maintenance budget estimates are prepared each year by the Participating Districts' staff members based upon historical information and projected changes in the sewerage facilities or requirements for the upcoming Fiscal Year. As many of the costs (e.g., pumping and chemicals) are directly related to flow, projections of the anticipated flows at each facility are made concurrently. Staffing requirements and changes in salaries and wages are also incorporated into the budget. These figures are projected over a five-year period, and anticipated changes or other anomalies are incorporated.

Each year Participating Districts' staff prepares a detailed report on the status of each sewer system. This report is based on information gathered over the previous year by field personnel who monitor flows and available capacity in the various sewers and who inspect the sewers for any sulfide corrosion. Each of the sewers is then prioritized as to its need for relief (through expanded capacity) or rehabilitation. This information is forwarded to the Sewer Design Section and a detailed sewer design and construction schedule is developed.

The Treatment Plant Operations Section identifies necessary improvements to various treatment plants based on operational considerations. This information is forwarded to the Treatment Plant Design Section for preparation of a detailed design and construction schedule. Included in this schedule are any facilities that may be mandated by law or regulation. Information is also provided by the Planning Section as to projected population growth and flow increases so that treatment plant expansions can be scheduled appropriately.

Once all the costs (operations, maintenance and capital, including debt service) have been identified, the joint costs are apportioned to the respective Participating Districts. The apportionment is based on the proportionate usage, as measured by total sewage units in each Participating District. The apportioned joint costs are then added to each Participating District's individual costs (including debt service) to determine that Participating District's total budget.

The known revenue sources are identified after the budget expenditures are projected. The Participating Districts' primary revenue sources (other than service charges and industrial waste surcharges) include the Participating Districts' share of ad valorem taxes, investment income, and the rate stabilization fund. To the degree that there are expansion-related capital projects, the capital improvement fund (accumulated connection fees) will also be used as a revenue source. Bond and SRF loan proceeds are used as a revenue source to offset capital expenses if they are available; the corresponding debt service will be included as an expense in subsequent years. See "THE DISTRICTS—Revenues." The remaining difference between the expenditures and known revenues equals the amount of supplemental revenue that must be collected through the user charge program. The user charge rate is equal to the required supplemental revenue divided by the total number of equivalent users (sewage units) in the District. This process is repeated for each year of the 5-year planning period, and adjustments are made for rate stabilization.

Tax revenues and supplemental user charges are received from the County in periodic installments, with the largest receipts occurring in December and April. As the Participating Districts operate on a Fiscal Year basis beginning on July 1, in order to provide sufficient revenues between July 1 and December 31, the operating fund budgets include a cash flow component to cover the period from the beginning of the Fiscal Year (July 1) until the first installment is received (December). The cash flow requirement is equal to the estimated expenses from July 1 through December 31, less any anticipated revenues.

Every year each Participating District's Board of Directors is presented with a preliminary budget and projected service charge rates. If a rate increase is recommended, individual mailed notices that comply with the terms of Proposition 218 are sent to every property owner informing them of a scheduled public hearing. See "FINANCIAL INFORMATION—Legal Debt and Tax Limitations—Statutory Limitations—Proposition 218." As described herein, after the public hearing and the Directors have considered input from the public, the Board of Directors sets the service charge rates by ordinance. If no rate increase is proposed, the Board of Directors need only consider the adoption of a resolution for the continuation of the collection of the service charge on the tax roll. In June, each Board of Directors is presented with a final budget (including any revisions to its preliminary budget) for its consideration and approval. At the same time, pursuant to California law, each Participating District's Board of Directors must adopt an appropriations limit relating to the proceeds of taxes. See "FINANCIAL INFORMATION—Legal Debt and Tax Limitations—Appropriations Limitations."

Relevant Financial Policies

The Participating Districts have each adopted an investment policy with safety of principal the primary objective, while maintaining liquidity and a market rate of return on its portfolio. The investment policies are governed by and is in full compliance with the California Government Code. The District's Treasurer matches investments with anticipated cash flow requirements and does not invest in securities maturing more than five years from the date of purchase unless approved by the District's Board of Directors.

The Participating Districts have each adopted a Financial Reserve Policy describing the various reserve categories and targets for each type of reserve in order to ensure the District maintains prudent financial reserves and can continue to fulfill its commitment to deliver reliable and high-quality service to customers. The policy helps improve the stability of rates; minimizes risk and cost associated with borrowing; and improves liquidity to minimize effect of year-to-year fluctuations in revenue and expenses.

The Participating Districts have each also adopted a Debt Management Policy to provide guidelines in determining the appropriate use of debt financing. The policy describes the types of debt of allowed, criteria for issuing debt and provides for various measures and targets for the amount of debt and debt service.

Historical and Projected Operating Data

The summary of Historical and Projected Operating Data set forth in Table 13 is a summary of selected historical and projected operating data of the Participating Districts. The summary shows debt service coverage on a Fiscal Year (not bond year) basis. The preparation of such projected data was based upon certain assumptions and certain forecasts with respect to conditions that may occur in the future. While the Participating Districts believe these assumptions and forecasts are reasonable for the purposes of the selected projected operating data, the Participating Districts make no representations that they will occur. To the extent that actual future conditions differ from those assumed herein, the data will vary.

Commencing in Fiscal Year 2021-2022, the Participating Districts [will be] changing the manner in which they account for the payment of certain capital and operating costs of the Joint Outfall System. Revenues and expenses that previously been ascribed to each Participating District are now ascribed to the Joint Outfall System. [[DESCRIBE CHANGES]]

Service Charges

The projections assume that the Boards of Directors of the respective Participating Districts have or will adopt service charges at the levels set forth in Table 11, and that such service charges will not be the subject of majority protests pursuant to Proposition 218. As noted in Table 11, all of the Participating Districts have adopted rates through Fiscal Year 2026.] For most of those Districts, it is assumed that service charge rates will increase in Fiscal Years 2022-23, 2023-24, 2024-25 and 2025-26 to meet anticipated debt service coverage, maintain cash reserves, and provide for capital needs

Ad Valorem Taxes

The projections of Ad Valorem increase at approximately 3% in future years.

Connection Fees

The number of new connections in the Participating Districts has remained relatively constant over the last several years, despite the downturn in the economy. However, as a conservative assumption, the projections for all of the Participating Districts assume that the number of new connections will only be 10% of the average new connections of the last three years.

Operating Expenses

Operating expenses were projected based on a review of actual expenditures, estimates of operations and maintenance costs for new treatment facilities, and a review of market conditions for key cost centers (e.g. fuel, electricity and chemicals). Future operating expenses are assumed to increase by 2.5% per year.

Capital Improvements

The projections assume that the Participating Districts will implement those capital improvements described in Table 10. In order to pay a portion of the cost of such capital improvements, the projections assume that certain Participating Districts will enter into State Loans or Bonds.

Rate Stabilization Fund

Although most of the Participating Districts have previously set aside monies in a Rate Stabilization Fund, the projections assume no use of those monies.

Cautionary Statement

While the Participating Districts believe that the assumptions used to prepare the projections are reasonable, actual conditions are likely to differ from those assumed by the Participating Districts in the projected operating results set forth in Table 13, and such differences may be significant. There can be no assurances that, if actual conditions materially differ from those assumed by the Participating Districts in connection with the preparation of Table 13, such circumstances would not materially adversely affect the financial condition of one or more Participating Districts. See “RISK FACTORS” herein.

TABLE 13
PARTICIPATING DISTRICTS HISTORICAL AND PROJECTED OPERATING DATA
($000)

	Historical Operating Data						*Projected Operating Data*			
DISTRICT 1	**FY 16-17**	**FY 17-18**	**FY 18-19**	**FY 19-20**	**FY 20-21**	**FY 21-22**	**FY 22-23**	**FY 23-24**	**FY 24-25**	**FY 25-26**
REVENUE SOURCES										
User Fees(1)	$30,233	$31,238	$32,344	$34,272	$36,157	$34,189	$ 28,778	$29,240	$29,702	$30,164
Other Revenues	2,153	2,547	2,416	2,498	2,677	2,409	7,509	7,864	8,144	8,429
A.V. Tax(2)	3,253	3,514	3,855	4,193	4,547	4,111	4,902	5,147	5,404	5,675
Interest(3)	940	1,259	1,770	1,865	846	553	150	252	488	509
Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-
CIF Connection Fee Revenue	2,626	2,554	2,860	2,764	1,252	1,298	NA (4)	NA (4)	NA (4)	NA (4)
Total Revenue	$39,205	$41,112	$43,245	$45,592	$45,479	$42,560	$ 41,339	$42,502	$43,739	$44,777
Total Revenue for Senior Calculation	36,579	38,558	40,385	42,828	44,227	41,262	41,339	42,502	43,739	44,777
EXPENSES(5)										
Total O&M(6)	$23,155	$23,692	$24,984	$26,668	$27,817	$29,188	$ 29,976	$31,138	$32,339	$33,299
Rate Stabilization Fund	2,243	5,474	1,818	5,236	11,120	-	-	-	-	-
Total	$25,398	$29,166	$26,802	$31,904	$38,937	$29,188	$ 29,976	$31,138	$32,339	$33,299
DEBT SERVICE PAYMENTS										
Senior										
State Loans	$1,503	$1,508	$1,523	$1,498	$1,503	$1,535	$ -	$-	$-	$-
Revenue Bonds	2,171	2,174	2,169	2,167	2,200	-	-	-	-	-
2022 JOS Refunding Bonds	-	-	-	-	-	-	845	845	845	846
WIFIA Loan	-	-	-	-	-	-	-	-	-	-
Future SRF Loans	-	-	-	-	-	-	-	52	506	506
Total Senior Debt Payments	$3,674	$3,682	$3,692	$3,665	$3,703	$1,535	$845	$ 897	$1,352	$1,352
Subordinate										
State Loans	$ 494	$ 504	$ 750	$ 853	$ 856	$ 979	$ -	$-	$-	$-
Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Total Subordinate Debt Payments	$ 494	$ 504	$ 750	$ 853	$ 856	$ 979	$ -	$-	$-	$-
Total Debt Service (7)	$4,168	$4,186	$4,442	$4,518	$4,559	$2,514	$845	$ 897	$1,352	$1,352
DEBT SERVICE COVERAGE(8)										
SENIOR	2.91	2.41	3.48	2.75	1.20	7.23	13.45	12.66	8.43	8.49
SUBORDINATE	3.31	2.85	3.70	3.03	1.43	5.32	13.45	12.66	8.43	8.49

(1) Assumed $3 increase each year for FY22-23 to FY25-26. Starting in FY22-23, Industrial Waste revenue accrues to the JOS (to offset JOS operating expenses), not the individual Districts.
(2) Assumes no annual increase in property tax revenues over next two fiscal years.
(3) Assumes an interest rate of 0.5% for FY22-23 and FY23-24 and 1% for years thereafter. Starting in FY22-23, most reserve funds are held by the JOS, resulting in lower interest for each District.
(4) Connection Fee revenues not displayed beginning in FY22-23 as it is not directly included in Debt Coverage calculation in the Master Obligation Agreement.
(5) Does not include depreciation.
(6) Represents primarily the O&M portion of operating payments made to the JOS. Starting in FY22-23, the District's O&M is reduced since the JOS O&M is partially offset by revenues collected by the JOS. JOS O&M projections assume an average annual increase of 4.3% in labor for FY22-23, 4% for FY23-24, 3.3% for FY24-25 and 3% for years after. Inflation rates asumptions for all other expenses are 5% for FY22-23, 4.5% for FY23-24, 3.5% for FY24-25, 3% for FY25-26 and 2.5% for FY26-27.
(7) Debt service represents the Districts share of Shared Projects debt service which is calculated as described in the MOA.
(8) The subordinate debt coverage calculation is based on total debt service.

DISTRICT 2	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
	Historical Operating Data						*Projected Operating Data*			
REVENUE SOURCES										
User Fees[1]	$43,183	$44,717	$46,573	$48,243	$47,542	$48,575	$40,820	$41,721	$42,623	$43,526
Other Revenues	3,127	3,712	3,664	3,723	3,969	3,591	11,280	11,814	12,235	12,663
A.V. Tax[2]	6,786	7,286	7,654	8,044	8,887	8,314	8,736	8,998	9,268	9,546
Interest[3]	1,420	1,876	2,615	2,661	1,070	785	190	337	640	661
Rate Stabilization Fund	-	-	4,254	-	-	-	-	-	-	-
CIF Connection Fee Revenue	3,687	4,348	4,477	3,431	2,422	6,230	NA [4]	NA [4]	NA [4]	NA [4]
Total Revenue	$58,203	$61,939	$69,237	$66,102	$63,890	$67,495	$61,026	$62,869	$64,767	$66,397
Total Revenue for Senior Calculation	54,516	57,591	64,760	62,671	61,468	61,265	61,026	62,869	64,767	66,397
EXPENSES[5]										
Total O&M[6]	$34,110	$34,703	$37,893	$40,118	$41,727	$43,760	$45,108	$46,857	$48,663	$50,107
Rate Stabilization Fund	326	5,036	-	1,504	6,575	-	-	-	-	-
Total	$34,436	$39,739	$37,893	$41,622	$48,302	$43,760	$45,108	$46,857	$48,663	$50,107
DEBT SERVICE PAYMENTS										
Senior										
State Loans	$2,183	$2,197	$2,294	$2,233	$2,226	$2,289	$-	$-	$-	$-
Revenue Bonds	3,352	3,356	3,349	3,344	3,396	-	-	-	-	-
2022 JOS Refunding Bonds	-	-	-	-	-	-	1,270	1,270	1,270	1,271
WIFIA Loan	-	-	-	-	-	-	-	-	-	-
Future SRF Loans	-	-	-	-	-	-	-	78	761	761
Total Senior Debt Payments	$5,535	$5,553	$5,643	$5,577	$5,622	$2,289	$1,270	$1,348	$2,031	$2,031
Subordinate										
State Loans	$ 658	$ 674	$1,129	$1,211	$1,207	$1,398	$-	$-	$-	$-
Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Total Subordinate Debt Payments	$ 658	$ 674	$1,129	$1,211	$1,207	$1,398	$-	$-	$-	$-
Total Debt Service [7]	$6,193	$6,227	$6,772	$6,788	$6,829	$3,687	$1,270	$1,348	$2,031	$2,031
DEBT SERVICE COVERAGE[8]										
SENIOR	3.51	3.09	4.56	3.56	2.13	7.04	12.54	11.88	7.93	8.02
SUBORDINATE	3.84	3.57	4.63	3.61	2.28	6.44	12.54	11.88	7.93	8.02

(1) Assumed $4 increase each year for FY22-23 to FY25-26. Starting in FY22-23, Industrial Waste revenue accrues to the JOS (to offset JOS operating expenses), not the individual Districts.
(2) Assumes no annual increase in property tax revenues over next two fiscal years.
(3) Assumes an interest rate of 0.5% for FY22-23 and FY23-24 and 1% for years thereafter. Starting in FY22-23, most reserve funds are held by the JOS, resulting in lower interest for each District.
(4) Connection Fee revenues not displayed beginning in FY22-23 as it is not directly included in Debt Coverage calculation in the Master Obligation Agreement.
(5) Does not include depreciation.
(6) Represents primarily the O&M portion of operating payments made to the JOS. Starting in FY22-23, the District's O&M is reduced since the JOS O&M is partially offset by revenues collected by the JOS. JOS O&M projections assume an average annual increase of 4.3% in labor for FY22-23, 4% for FY23-24, 3.3% for FY24-25 and 3% for years after. Inflation rates asumptions for all other expenses are 5% for FY22-23, 4.5% for FY23-24, 3.5% for FY24-25, 3% for FY25-26 and 2.5% for FY26-27.
(7) Debt service represents the Districts share of Shared Projects debt service which is calculated as described in the MOA.
(8) The subordinate debt coverage calculation is based on total debt service.

DISTRICT 3	*Historical Operating Data* FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	*Projected Operating Data* FY 22-23	FY 23-24	FY 24-25	FY 25-26
REVENUE SOURCES										
User Fees[1]	$32,010	$32,599	$33,823	$34,807	$33,606	$34,413	$33,295	$34,962	$36,633	$38,307
Other Revenues	2,473	2,886	2,800	2,878	3,016	2,677	9,255	9,693	10,039	10,390
A.V. Tax[2]	5,298	5,603	6,316	6,391	6,957	6,329	6,747	6,815	6,883	6,952
Interest[3]	956	1,289	1,804	1,806	805	603	120	237	448	468
Rate Stabilization Fund	-	-	3,757	-	-	-	-	-	-	-
CIF Connection Fee Revenue	2,743	2,778	3,257	2,692	1,311	777	NA [4]	NA [4]	NA [4]	NA [4]
Total Revenue	$43,480	$45,155	$51,757	$48,574	$45,695	$44,799	$49,418	$51,707	$54,003	$56,117
Total Revenue for Senior Calculation	40,737	42,377	48,500	45,882	44,384	44,022	49,418	51,707	54,003	56,117
EXPENSES[5]										
Total O&M[6]	$25,841	$26,490	$29,801	$29,647	$30,907	$31,592	$36,930	$38,362	$39,841	$41,023
Rate Stabilization Fund	136	2,981	-	3,555	5,508	-	-	-	-	-
Total	$25,977	$29,471	$29,801	$33,202	$36,415	$31,592	$36,930	$38,362	$39,841	$41,023
DEBT SERVICE PAYMENTS										
Senior										
State Loans	$1,727	$1,708	$1,764	$1,710	$1,693	$1,706	$-	$-	$-	$-
Revenue Bonds	2,546	2,549	2,543	2,540	2,580	-	-	-	-	-
2022 JOS Refunding Bonds	-	-	-	-	-	-	1,042	1,042	1,042	1,043
WIFIA Loan	-	-	-	-	-	-	-	-	-	-
Future SRF Loans	-	-	-	-	-	-	-	64	624	624
Total Senior Debt Payments	$4,273	$4,257	$4,307	$4,250	$4,273	$1,706	$1,042	$1,106	$1,666	$1,667
Subordinate										
State Loans	$ 520	$ 524	$ 869	$ 927	$ 918	$1,042	$-	$-	$-	$-
Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Total Subordinate Debt Payments	$ 520	$ 524	$ 869	$ 927	$ 918	$1,042	$-	$-	$-	$-
Total Debt Service [7]	$4,793	$4,781	$5,176	$5,177	$5,191	$2,749	$1,042	$1,106	$1,666	$1,667
DEBT SERVICE COVERAGE[8]										
SENIOR	3.33	2.91	4.14	2.77	1.65	6.67	11.99	12.07	8.50	9.06
SUBORDINATE	3.65	3.28	4.24	2.97	1.79	4.80	11.99	12.07	8.50	9.06

(1) Assumed $9 increase each year for FY22-23 to FY25-26. Starting in FY22-23, Industrial Waste revenue accrues to the JOS (to offset JOS operating expenses), not the individual Districts.

(2) Assumes no annual increase in property tax revenues over next two fiscal years.

(3) Assumes an interest rate of 0.5% for FY22-23 and FY23-24 and 1% for years thereafter. Starting in FY22-23, most reserve funds are held by the JOS, resulting in lower interest for each District.

(4) Connection Fee revenues not displayed beginning in FY22-23 as it is not directly included in Debt Coverage calculation in the Master Obligation Agreement.

(5) Does not include depreciation.

(6) Represents primarily the O&M portion of operating payments made to the JOS. Starting in FY22-23, the District's O&M is reduced since the JOS O&M is partially offset by revenues collected by the JOS. JOS O&M projections assume an average annual increase of 4.3% in labor for FY22-23, 4% for FY23-24, 3.3% for FY24-25 and 3% for years after. Inflation rates asumptions for all other expenses are 5% for FY22-23, 4.5% for FY23-24, 3.5% for FY24-25, 3% for FY25-26 and 2.5% for FY26-27.

(7) Debt service represents the Districts share of Shared Projects debt service which is calculated as described in the MOA.

(8) The subordinate debt coverage calculation is based on total debt service.

DISTRICT 5	*Historical Operating Data*						*Projected Operating Data*			
	FY 16-17	**FY 17-18**	**FY 18-19**	**FY 19-20**	**FY 20-21**	**FY 21-22**	**FY 22-23**	**FY 23-24**	**FY 24-25**	**FY 25-26**
REVENUE SOURCES										
User Fees[1]	$44,447	$46,378	$47,615	$49,191	$48,927	$49,941	$45,374	$46,444	$47,515	$48,586
Other Revenues	3,641	4,338	4,196	4,202	4,485	3,999	13,444	14,080	14,583	15,093
A.V. Tax[2]	11,197	12,002	12,792	13,573	14,786	13,866	14,911	15,508	16,128	16,773
Interest[3]	1,380	1,896	2,620	2,614	995	789	176	347	652	679
Rate Stabilization Fund	2,763	-	8,085	-	-	-	-	-	-	-
CIF Connection Fee Revenue	3,968	5,474	4,997	4,429	2,116	4,046	NA [4]	NA [4]	NA [4]	NA [4]
Total Revenue	$67,396	$70,088	$80,305	$74,009	$71,309	$72,641	$73,906	$76,379	$78,878	$81,130
Total Revenue for Senior Calculation	63,428	64,614	75,308	69,580	69,193	68,595	73,906	76,379	78,878	81,130
EXPENSES[5]										
Total O&M[6]	$39,798	$40,803	$43,178	$45,212	$47,501	$49,256	$53,636	$55,715	$57,864	$59,581
Rate Stabilization Fund	-	6,113	-	3,374	7,546	-	-	-	-	-
Total	$39,798	$46,916	$43,178	$48,586	$55,047	$49,256	$53,636	$55,715	$57,864	$59,581
DEBT SERVICE PAYMENTS										
Senior										
State Loans	$2,542	$2,558	$2,643	$2,518	$2,517	$2,549	$-	$-	$-	$-
Revenue Bonds	5,479	5,486	5,474	5,467	5,552	-	-	-	-	-
2022 JOS Refunding Bonds	-	-	-	-	-	-	1,513	1,514	1,514	1,514
WIFIA Loan	-	-	-	-	-	-	-	-	-	-
Future SRF Loans	-	-	-	-	-	-	-	93	906	906
Total Senior Debt Payments	$8,021	$8,044	$8,117	$7,985	$8,069	$2,549	$1,513	$1,607	$2,420	$2,421
Subordinate										
State Loans	$ 766	$ 785	$1,301	$1,366	$1,365	$1,557	$-	$-	$-	$-
Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Total Subordinate Debt Payments	$ 766	$ 785	$1,301	$1,366	$1,365	$1,557	$-	$-	$-	$-
Total Debt Service [7]	$8,787	$8,829	$9,418	$9,351	$9,434	$4,105	$1,513	$1,607	$2,420	$2,421
DEBT SERVICE COVERAGE[8]										
SENIOR	2.85	2.10	3.80	2.46	1.58	6.98	13.40	12.86	8.68	8.90
SUBORDINATE	3.14	2.62	3.94	2.72	1.72	5.70	13.40	12.86	8.68	8.90

(1) Assumed $4 increase each year for FY22-23 to FY25-26. Starting in FY22-23, Industrial Waste revenue accrues to the JOS (to offset JOS operating expenses), not the individual Districts.
(2) Assumes no annual increase in property tax revenues over next two fiscal years.
(3) Assumes an interest rate of 0.5% for FY22-23 and FY23-24 and 1% for years thereafter. Starting in FY22-23, most reserve funds are held by the JOS, resulting in lower interest for each District.
(4) Connection Fee revenues not displayed beginning in FY22-23 as it is not directly included in Debt Coverage calculation in the Master Obligation Agreement.
(5) Does not include depreciation.
(6) Represents primarily the O&M portion of operating payments made to the JOS. Starting in FY22-23, the District's O&M is reduced since the JOS O&M is partially offset by revenues collected by the JOS. JOS O&M projections assume an average annual increase of 4.3% in labor for FY22-23, 4% for FY23-24, 3.3% for FY24-25 and 3% for years after. Inflation rates asumptions for all other expenses are 5% for FY22-23, 4.5% for FY23-24, 3.5% for FY24-25, 3% for FY25-26 and 2.5% for FY26-27.
(7) Debt service represents the Districts share of Shared Projects debt service which is calculated as described in the MOA.
(8) The subordinate debt coverage calculation is based on total debt service.

	Historical Operating Data						*Projected Operating Data*			
DISTRICT 8	**FY 16-17**	**FY 17-18**	**FY 18-19**	**FY 19-20**	**FY 20-21**	**FY 21-22**	**FY 22-23**	**FY 23-24**	**FY 24-25**	**FY 25-26**
REVENUE SOURCES										
User Fees[(1)]	$19,541	$20,029	$21,126	$20,215	$19,389	$19,633	$12,364	$12,690	$13,016	$13,343
Other Revenues	1,335	1,486	1,441	1,401	1,491	1,179	3,111	3,258	3,375	3,493
A.V. Tax[(2)]	1,907	2,032	2,220	2,304	2,447	2,278	2,433	2,481	2,531	2,582
Interest[(3)]	541	713	1,010	892	326	149	41	81	152	158
Rate Stabilization Fund	794	-	1,006	-	-	-	-	-	-	-
CIF Connection Fee Revenue	1,646	1,481	1,766	1,272	644	2,615	NA [(4)]	NA [(4)]	NA [(4)]	NA [(4)]
Total Revenue	$25,764	$25,741	$28,569	$26,084	$24,297	$25,855	$17,950	$18,510	$19,074	$19,576
Total Revenue for Senior Calculation	24,118	24,260	26,803	24,812	23,653	23,240	17,950	18,510	19,074	19,576
EXPENSES[(5)]										
Total O&M[(6)]	$17,100	$16,216	$16,856	$16,861	$17,088	$15,423	$12,457	$12,940	$13,439	$13,838
Rate Stabilization Fund	-	2,057	-	71	3	-	-	-	-	-
Total	$17,100	$18,273	$16,856	$16,932	$17,091	$15,423	$12,457	$12,940	$13,439	$13,838
DEBT SERVICE PAYMENTS										
Senior										
State Loans	$ 930	$ 880	$ 908	$ 840	$ 835	$ 752	$-	$-	$-	$-
Revenue Bonds	1,324	1,326	1,323	1,321	1,342	-	-	-	-	-
2022 JOS Refunding Bonds	-	-	-	-	-	-	350	350	350	350
WIFIA Loan	-	-	-	-	-	-	-	-	-	-
Future SRF Loans	-	-	-	-	-	-	-	21	210	210
Total Senior Debt Payments	$2,254	$2,206	$2,231	$2,161	$2,177	$ 752	$ 350	$ 372	$ 560	$ 560
Subordinate										
State Loans	$ 280	$ 270	$ 447	$ 456	$ 453	$ 459	$-	$-	$-	$-
Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Total Subordinate Debt Payments	$ 280	$ 270	$ 447	$ 456	$ 453	$ 459	$-	$-	$-	$-
Total Debt Service [(7)]	$2,534	$2,476	$2,678	$2,617	$2,630	$1,211	$ 350	$ 372	$ 560	$ 560
DEBT SERVICE COVERAGE[(8)]										
SENIOR	2.99	2.59	4.26	3.44	2.81	9.79	15.69	14.98	10.06	10.24
SUBORDINATE	3.42	3.02	4.37	3.50	2.74	8.62	15.69	14.98	10.06	10.24

(1) Assumed $5 increase each year for FY22-23 to FY25-26. Starting in FY22-23, Industrial Waste revenue accrues to the JOS (to offset JOS operating expenses), not the individual Districts.
(2) Assumes no annual increase in property tax revenues over next two fiscal years.
(3) Assumes an interest rate of 0.5% for FY22-23 and FY23-24 and 1% for years thereafter. Starting in FY22-23, most reserve funds are held by the JOS, resulting in lower interest for each District.
(4) Connection Fee revenues not displayed beginning in FY22-23 as it is not directly included in Debt Coverage calculation in the Master Obligation Agreement.
(5) Does not include depreciation.
(6) Represents primarily the O&M portion of operating payments made to the JOS. Starting in FY22-23, the District's O&M is reduced since the JOS O&M is partially offset by revenues collected by the JOS. JOS O&M projections assume an average annual increase of 4.3% in labor for FY22-23, 4% for FY23-24, 3.3% for FY24-25 and 3% for years after. Inflation rates asumptions for all other expenses are 5% for FY22-23, 4.5% for FY23-24, 3.5% for FY24-25, 3% for FY25-26 and 2.5% for FY26-27. In addition, for this District there is a siginificant change in its attributed sewage units with the re-allocation of industrial users to the JOS starting in FY22-23.
(7) Debt service represents the Districts share of Shared Projects debt service which is calculated as described in the MOA.
(8) The subordinate debt coverage calculation is based on total debt service.

DISTRICT 15	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
	Historical Operating Data						*Projected Operating Data*			
REVENUE SOURCES										
User Fees[1]	$32,719	$34,546	$35,207	$36,671	$36,755	$36,756	$31,901	$32,665	$33,429	$34,193
Other Revenues	2,650	3,072	3,030	3,095	3,352	2,985	9,768	10,230	10,595	10,966
A.V. Tax[2]	7,246	7,881	8,469	8,924	9,562	8,989	9,495	9,780	10,074	10,376
Interest[3]	1,257	1,681	2,406	2,448	947	820	217	337	631	637
Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-
CIF Connection Fee Revenue	2,908	3,372	3,438	2,884	2,522	4,272	NA [4]	NA [4]	NA [4]	NA [4]
Total Revenue	$46,780	$50,552	$52,550	$54,022	$53,138	$53,822	$51,382	$53,012	$54,729	$56,172
Total Revenue for Senior Calculation	43,872	47,180	49,112	51,138	50,616	49,550	51,382	53,012	54,729	56,172
EXPENSES[5]										
Total O&M[6]	$27,642	$27,533	$30,458	$32,261	$34,546	$35,344	$39,010	$40,523	$42,085	$43,334
Rate Stabilization Fund	187	7,979	11,320	4,833	6,259	-	-	-	-	-
Total	$27,829	$35,512	$41,778	$37,094	$40,805	$35,344	$39,010	$40,523	$42,085	$43,334
DEBT SERVICE PAYMENTS										
Senior										
State Loans	$1,844	$1,819	$1,906	$1,855	$1,882	$1,903	$-	$-	$-	$-
Revenue Bonds	3,429	3,433	3,425	3,422	3,474	-	-	-	-	-
2022 JOS Refunding Bonds	-	-	-	-	-	-	1,099	1,100	1,100	1,100
WIFIA Loan	-	-	-	-	-	-	-	-	-	-
Future SRF Loans	-	-	-	-	-	-	-	67	659	659
Total Senior Debt Payments	$5,273	$5,252	$5,331	$5,277	$5,356	$1,903	$1,099	$1,167	$1,759	$1,759
Subordinate										
State Loans	$ 556	$ 558	$ 939	$1,006	$1,021	$1,162	$-	$-	$-	$-
Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Total Subordinate Debt Payments	$ 556	$ 558	$ 939	$1,006	$1,021	$1,162	$-	$-	$-	$-
Total Debt Service [7]	$5,829	$5,810	$6,270	$6,283	$6,377	$3,065	$1,099	$1,167	$1,759	$1,759
DEBT SERVICE COVERAGE[8]										
SENIOR	2.94	2.12	1.20	2.47	1.64	6.86	11.25	10.70	7.19	7.30
SUBORDINATE	3.25	2.59	1.72	2.69	1.93	6.03	11.25	10.70	7.19	7.30

(1) Assumed $4 increase each year for FY22-23 to FY25-26. Starting in FY22-23, Industrial Waste revenue accrues to the JOS (to offset JOS operating expenses), not the individual Districts.
(2) Assumes no annual increase in property tax revenues over next two fiscal years.
(3) Assumes an interest rate of 0.5% for FY22-23 and FY23-24 and 1% for years thereafter. Starting in FY22-23, most reserve funds are held by the JOS, resulting in lower interest for each District.
(4) Connection Fee revenues not displayed beginning in FY22-23 as it is not directly included in Debt Coverage calculation in the Master Obligation Agreement.
(5) Does not include depreciation.
(6) Represents primarily the O&M portion of operating payments made to the JOS. Starting in FY22-23, the District's O&M is reduced since the JOS O&M is partially offset by revenues collected by the JOS. JOS O&M projections assume an average annual increase of 4.3% in labor for FY22-23, 4% for FY23-24, 3.3% for FY24-25 and 3% for years after. Inflation rates asumptions for all other expenses are 5% for FY22-23, 4.5% for FY23-24, 3.5% for FY24-25, 3% for FY25-26 and 2.5% for FY26-27.
(7) Debt service represents the Districts share of Shared Projects debt service which is calculated as described in the MOA.
(8) The subordinate debt coverage calculation is based on total debt service.

DISTRICT 16	*Historical Operating Data* FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	*Projected Operating Data* FY 22-23	FY 23-24	FY 24-25	FY 25-26
REVENUE SOURCES										
User Fees[1]	$17,029	$17,771	$18,049	$18,445	$18,868	$18,956	$18,694	$18,726	$18,758	$18,790
Other Revenues	1,407	1,723	1,674	1,679	1,797	1,637	5,910	6,189	6,410	6,634
A.V. Tax[2]	5,783	5,648	6,062	6,419	6,810	6,454	6,891	7,098	7,311	7,530
Interest[3]	773	1,051	1,471	1,494	584	585	136	240	456	457
Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-
CIF Connection Fee Revenue	1,489	1,679	2,057	1,515	790	451	NA [4]	NA [4]	NA [4]	NA [4]
Total Revenue	$26,481	$27,872	$29,313	$29,552	$28,849	$28,083	$31,631	$32,252	$32,934	$33,411
Total Revenue for Senior Calculation	24,992	26,193	27,256	28,037	28,059	27,632	31,631	32,252	32,934	33,411
EXPENSES[5]										
Total O&M[6]	$14,212	$14,957	$16,375	$17,079	$18,046	$19,078	$23,585	$24,500	$25,445	$26,200
Rate Stabilization Fund	2,118	3,860	6,550	3,502	2,799	-	-	-	-	-
Total	$16,330	$18,817	$22,925	$20,581	$20,845	$19,078	$23,585	$24,500	$25,445	$26,200
DEBT SERVICE PAYMENTS										
Senior										
State Loans	$ 982	$1,020	$1,054	$1,007	$1,009	$1,044	$-	$-	$-	$-
Revenue Bonds	2,137	2,139	2,135	2,131	2,166	-	-	-	-	-
2022 JOS Refunding Bonds	-	-	-	-	-	-	665	665	665	666
WIFIA Loan	-	-	-	-	-	-	-	-	-	-
Future SRF Loans	-	-	-	-	-	-	-	41	398	398
Total Senior Debt Payments	$3,119	$3,159	$3,189	$3,138	$3,175	$1,044	$ 665	$ 706	$1,064	$1,064
Subordinate										
State Loans	$ 296	$ 313	$ 519	$ 546	$ 547	$ 637	$-	$-	$-	$-
Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Total Subordinate Debt Payments	$ 296	$ 313	$ 519	$ 546	$ 547	$ 637	$-	$-	$-	$-
Total Debt Service [7]	$3,415	$3,472	$3,708	$3,684	$3,722	$1,681	$ 665	$ 706	$1,064	$1,064
DEBT SERVICE COVERAGE[8]										
SENIOR	2.68	2.24	1.20	2.20	2.10	7.59	12.10	10.98	7.04	6.78
SUBORDINATE	2.97	2.61	1.72	2.44	2.15	5.36	12.10	10.98	7.04	6.78

(1) Assumed no rate increase FY22-23 to FY25-26. Starting in FY22-23, Industrial Waste revenue accrues to the JOS (to offset JOS operating expenses), not the individual Districts.
(2) Assumes no annual increase in property tax revenues over next two fiscal years.
(3) Assumes an interest rate of 0.5% for FY22-23 and FY23-24 and 1% for years thereafter. Starting in FY22-23, most reserve funds are held by the JOS, resulting in lower interest for each District.
(4) Connection Fee revenues not displayed beginning in FY22-23 as it is not directly included in Debt Coverage calculation in the Master Obligation Agreement.
(5) Does not include depreciation.
(6) Represents primarily the O&M portion of operating payments made to the JOS. Starting in FY22-23, the District's O&M is reduced since the JOS O&M is partially offset by revenues collected by the JOS. JOS O&M projections assume an average annual increase of 4.3% in labor for FY22-23, 4% for FY23-24, 3.3% for FY24-25 and 3% for years after. Inflation rates asumptions for all other expenses are 5% for FY22-23, 4.5% for FY23-24, 3.5% for FY24-25, 3% for FY25-26 and 2.5% for FY26-27.
(7) Debt service represents the Districts share of Shared Projects debt service which is calculated as described in the MOA.
(8) The subordinate debt coverage calculation is based on total debt service.

DISTRICT 17	*Historical Operating Data* FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	*Projected Operating Data* FY 22-23	FY 23-24	FY 24-25	FY 25-26
REVENUE SOURCES										
User Fees[(1)]	$2,217	$2,271	$2,339	$2,404	$2,374	$2,422	$2,453	$2,521	$2,589	$2,658
Other Revenues	181	223	215	220	241	211	756	792	820	849
A.V. Tax[(2)]	559	602	636	674	714	694	715	737	759	782
Interest[(3)]	124	163	210	198	67	88	12	33	62	62
Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-
CIF Connection Fee Revenue	176	212	213	191	77	61	NA [(4)]	NA [(4)]	NA [(4)]	NA [(4)]
Total Revenue	$3,257	$3,471	$3,613	$3,687	$3,473	$3,476	$3,937	$4,082	$4,230	$4,350
Total Revenue for Senior Calculation	3,081	3,259	3,400	3,496	3,396	3,415	3,937	4,082	4,230	4,350
EXPENSES[(5)]										
Total O&M[(6)]	$1,815	$1,905	$2,084	$2,255	$2,409	$2,444	$3,017	$3,134	$3,255	$3,352
Rate Stabilization Fund	469	389	760	317	391	-	-	-	-	-
Total	$2,284	$2,294	$2,844	$2,572	$2,800	$2,444	$3,017	$3,134	$3,255	$3,352
DEBT SERVICE PAYMENTS										
Senior										
State Loans	$ 127	$ 132	$ 135	$ 132	$ 135	$ 134	$-	$-	$-	$-
Revenue Bonds	273	274	273	273	277	-	-	-	-	-
2022 JOS Refunding Bonds	-	-	-	-	-	-	85	85	85	85
WIFIA Loan	-	-	-	-	-	-	-	-	-	-
Future SRF Loans	-	-	-	-	-	-	-	5	51	51
Total Senior Debt Payments	$ 400	$ 406	$ 408	$ 405	$ 412	$ 134	$ 85	$ 90	$ 136	$ 136
Subordinate										
State Loans	$ 38	$ 40	$ 67	$ 72	$ 73	$ 82	$-	$-	$-	$-
Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Total Subordinate Debt Payments	$ 38	$ 40	$ 67	$ 72	$ 73	$ 82	$-	$-	$-	$-
Total Debt Service [(7)]	$ 438	$ 446	$ 475	$ 477	$ 485	$ 216	$ 85	$ 90	$ 136	$ 136
DEBT SERVICE COVERAGE[(8)]										
SENIOR	1.90	2.28	1.20	2.10	1.27	6.62	10.80	10.49	7.16	7.33
SUBORDINATE	2.22	2.64	1.62	2.34	1.39	4.77	10.80	10.49	7.16	7.33

(1) Assumed $4 increase each year for FY22-23 to FY25-26. Starting in FY22-23, Industrial Waste revenue accrues to the JOS (to offset JOS operating expenses), not the individual Districts.
(2) Assumes no annual increase in property tax revenues over next two fiscal years.
(3) Assumes an interest rate of 0.5% for FY22-23 and FY23-24 and 1% for years thereafter. Starting in FY22-23, most reserve funds are held by the JOS, resulting in lower interest for each District.
(4) Connection Fee revenues not displayed beginning in FY22-23 as it is not directly included in Debt Coverage calculation in the Master Obligation Agreement.
(5) Does not include depreciation.
(6) Represents primarily the O&M portion of operating payments made to the JOS. Starting in FY22-23, the District's O&M is reduced since the JOS O&M is partially offset by revenues collected by the JOS. JOS O&M projections assume an average annual increase of 4.3% in labor for FY22-23, 4% for FY23-24, 3.3% for FY24-25 and 3% for years after. Inflation rates asumptions for all other expenses are 5% for FY22-23, 4.5% for FY23-24, 3.5% for FY24-25, 3% for FY25-26 and 2.5% for FY26-27.
(7) Debt service represents the Districts share of Shared Projects debt service which is calculated as described in the MOA.
(8) The subordinate debt coverage calculation is based on total debt service.

DISTRICT 18	*Historical Operating Data* FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	*Projected Operating Data* FY 22-23	FY 23-24	FY 24-25	FY 25-26
REVENUE SOURCES										
User Fees[1]	$22,732	$24,006	$24,780	$24,511	$25,319	$25,054	$22,808	$23,216	$23,625	$24,034
Other Revenues	1,707	1,986	1,970	1,944	2,480	1,859	6,275	6,571	6,806	7,044
A.V. Tax[2]	4,007	4,286	4,464	5,046	5,479	5,003	5,345	5,479	5,616	5,756
Interest[3]	706	949	1,394	1,385	614	427	112	196	378	394
Rate Stabilization Fund	-	-	1,118	-	-	-	-	-	-	-
CIF Connection Fee Revenue	1,964	1,963	2,072	2,103	1,161	3,486	NA [4]	NA [4]	NA [4]	NA [4]
Total Revenue	$31,116	$33,190	$35,798	$34,989	$35,053	$35,828	$34,540	$35,462	$36,424	$37,228
Total Revenue for Senior Calculation	29,152	31,227	33,726	32,886	33,892	32,342	34,540	35,462	36,424	37,228
EXPENSES[5]										
Total O&M[6]	$18,247	$18,656	$20,304	$21,081	$21,226	$22,704	$25,082	$26,054	$27,059	$27,862
Rate Stabilization Fund	492	5,801	-	3,175	166	-	-	-	-	-
Total	$18,739	$24,457	$20,304	$24,256	$21,392	$22,704	$25,082	$26,054	$27,059	$27,862
DEBT SERVICE PAYMENTS										
Senior										
State Loans	$1,192	$1,176	$1,241	$1,166	$1,142	$1,185	$-	$-	$-	$-
Revenue Bonds	1,874	1,876	1,872	1,870	1,899	-	-	-	-	-
2022 JOS Refunding Bonds	-	-	-	-	-	-	706	707	707	707
WIFIA Loan	-	-	-	-	-	-	-	-	-	-
Future SRF Loans	-	-	-	-	-	-	-	43	423	423
Total Senior Debt Payments	$3,066	$3,052	$3,113	$3,036	$3,041	$1,185	$ 706	$ 750	$1,130	$1,130
Subordinate										
State Loans	$ 359	$ 361	$ 611	$ 632	$ 619	$ 724	$-	$-	$-	$-
Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Total Subordinate Debt Payments	$ 359	$ 361	$ 611	$ 632	$ 619	$ 724	$-	$-	$-	$-
Total Debt Service [7]	$3,425	$3,413	$3,724	$3,668	$3,660	$1,908	$ 706	$ 750	$1,130	$1,130
DEBT SERVICE COVERAGE[8]										
SENIOR	3.28	2.10	4.12	2.63	3.91	7.53	13.39	12.55	8.29	8.29
SUBORDINATE	3.61	2.56	4.16	2.93	3.73	6.88	13.39	12.55	8.29	8.29

(1) Assumed $3 increase each year for FY22-23 to FY25-26. Starting in FY22-23, Industrial Waste revenue accrues to the JOS (to offset JOS operating expenses), not the individual Districts.
(2) Assumes no annual increase in property tax revenues over next two fiscal years.
(3) Assumes an interest rate of 0.5% for FY22-23 and FY23-24 and 1% for years thereafter. Starting in FY22-23, most reserve funds are held by the JOS, resulting in lower interest for each District.
(4) Connection Fee revenues not displayed beginning in FY22-23 as it is not directly included in Debt Coverage calculation in the Master Obligation Agreement.
(5) Does not include depreciation.
(6) Represents primarily the O&M portion of operating payments made to the JOS. Starting in FY22-23, the District's O&M is reduced since the JOS O&M is partially offset by revenues collected by the JOS. JOS O&M projections assume an average annual increase of 4.3% in labor for FY22-23, 4% for FY23-24, 3.3% for FY24-25 and 3% for years after. Inflation rates asumptions for all other expenses are 5% for FY22-23, 4.5% for FY23-24, 3.5% for FY24-25, 3% for FY25-26 and 2.5% for FY26-27.
(7) Debt service represents the Districts share of Shared Projects debt service which is calculated as described in the MOA.
(8) The subordinate debt coverage calculation is based on total debt service.

DISTRICT 19	*Historical Operating Data* FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	*Projected Operating Data* FY 22-23	FY 23-24	FY 24-25	FY 25-26
REVENUE SOURCES										
User Fees[1]	$6,830	$6,634	$6,777	$7,103	$6,889	$6,958	$6,846	$6,924	$7,002	$7,081
Other Revenues	486	565	548	590	631	561	1,973	2,066	2,140	2,215
A.V. Tax[2]	1,476	1,513	1,582	1,695	1,763	1,704	1,807	1,862	1,918	1,975
Interest[3]	256	345	482	504	195	164	40	66	126	128
Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-
CIF Connection Fee Revenue	496	537	571	557	206	261	NA [4]	NA [4]	NA [4]	NA [4]
Total Revenue	$9,544	$9,594	$9,960	$10,449	$9,684	$9,648	$10,667	$10,918	$11,185	$11,398
Total Revenue for Senior Calculation	9,048	9,057	9,389	9,892	9,478	9,387	10,667	10,918	11,185	11,398
EXPENSES[5]										
Total O&M[6]	$5,188	$5,710	$5,565	$6,618	$6,579	$7,228	$7,882	$8,188	$8,503	$8,756
Rate Stabilization Fund	923	2,019	2,510	879	809	-	-	-	-	-
Total	$6,111	$7,729	$8,075	$7,497	$7,388	$7,228	$7,882	$8,188	$8,503	$8,756
DEBT SERVICE PAYMENTS										
Senior										
State Loans	$ 339	$ 334	$ 346	$ 354	$ 354	$ 357	$-	$-	$-	$-
Revenue Bonds	604	605	604	603	613	-	-	-	-	-
2022 JOS Refunding Bonds	-	-	-	-	-	-	222	222	222	222
WIFIA Loan	-	-	-	-	-	-	-	-	-	-
Future SRF Loans	-	-	-	-	-	-	-	14	133	133
Total Senior Debt Payments	$ 943	$ 939	$ 950	$ 957	$ 967	$ 357	$ 222	$ 236	$ 355	$ 355
Subordinate										
State Loans	$ 102	$ 102	$ 170	$ 192	$ 192	$ 218	$-	$-	$-	$-
Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Total Subordinate Debt Payments	$ 102	$ 102	$ 170	$ 192	$ 192	$ 218	$-	$-	$-	$-
Total Debt Service [7]	$1,045	$1,041	$1,120	$1,149	$1,159	$ 576	$ 222	$ 236	$ 355	$ 355
DEBT SERVICE COVERAGE[8]										
SENIOR	3.01	1.31	1.20	2.30	1.96	5.43	12.54	11.58	7.55	7.44
SUBORDINATE	3.29	1.79	1.68	2.57	1.98	4.20	12.54	11.58	7.55	7.44

(1) Assumed $2 increase each year for FY22-23 to FY25-26. Starting in FY22-23, Industrial Waste revenue accrues to the JOS (to offset JOS operating expenses), not the individual Districts.
(2) Assumes no annual increase in property tax revenues over next two fiscal years.
(3) Assumes an interest rate of 0.5% for FY22-23 and FY23-24 and 1% for years thereafter. Starting in FY22-23, most reserve funds are held by the JOS, resulting in lower interest for each District.
(4) Connection Fee revenues not displayed beginning in FY22-23 as it is not directly included in Debt Coverage calculation in the Master Obligation Agreement.
(5) Does not include depreciation.
(6) Represents primarily the O&M portion of operating payments made to the JOS. Starting in FY22-23, the District's O&M is reduced since the JOS O&M is partially offset by revenues collected by the JOS. JOS O&M projections assume an average annual increase of 4.3% in labor for FY22-23, 4% for FY23-24, 3.3% for FY24-25 and 3% for years after. Inflation rates asumptions for all other expenses are 5% for FY22-23, 4.5% for FY23-24, 3.5% for FY24-25, 3% for FY25-26 and 2.5% for FY26-27.
(7) Debt service represents the Districts share of Shared Projects debt service which is calculated as described in the MOA.
(8) The subordinate debt coverage calculation is based on total debt service.

	Historical Operating Data					*Projected Operating Data*				
DISTRICT 21	**FY 16-17**	**FY 17-18**	**FY 18-19**	**FY 19-20**	**FY 20-21**	**FY 21-22**	**FY 22-23**	**FY 23-24**	**FY 24-25**	**FY 25-26**
REVENUE SOURCES										
User Fees[1]	$27,715	$28,196	$29,927	$30,890	$30,269	$31,566	$27,688	$28,144	$28,601	$29,057
Other Revenues	2,829	3,442	3,218	3,498	2,611	2,296	7,821	8,191	8,484	8,781
A.V. Tax[2]	4,149	4,417	4,862	5,368	5,708	5,108	5,771	6,002	6,242	6,492
Interest[3]	1,074	1,445	2,057	2,069	798	636	172	271	516	525
Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-
CIF Connection Fee Revenue	2,465	2,567	2,488	2,370	1,134	1,326	NA [4]	NA [4]	NA [4]	NA [4]
Total Revenue	$38,232	$40,067	$42,552	$44,195	$40,520	$40,931	$41,452	$42,609	$43,842	$44,855
Total Revenue for Senior Calculation	35,767	37,500	40,064	41,825	39,386	39,605	41,452	42,609	43,842	44,855
EXPENSES[5]										
Total O&M[6]	$21,828	$22,379	$24,892	$26,221	$27,250	$27,425	$31,231	$32,441	$33,692	$34,692
Rate Stabilization Fund	1,174	6,010	7,777	3,846	5,782	-	-	-	-	-
Total	$23,002	$28,389	$32,669	$30,067	$33,032	$27,425	$31,231	$32,441	$33,692	$34,692
DEBT SERVICE PAYMENTS										
Senior										
State Loans	$1,450	$1,450	$1,538	$1,483	$1,463	$1,463	$-	$-	$-	$-
Revenue Bonds	2,021	2,024	2,019	2,017	2,048	-	-	-	-	-
2022 JOS Refunding Bonds	-	-	-	-	-	-	880	881	881	881
WIFIA Loan	-	-	-	-	-	-	-	-	-	-
Future SRF Loans	-	-	-	-	-	-	-	54	527	527
Total Senior Debt Payments	$3,471	$3,474	$3,557	$3,500	$3,511	$1,463	$ 880	$ 935	$1,408	$1,408
Subordinate										
State Loans	$ 437	$ 445	$ 757	$ 804	$ 793	$ 894	$-	$-	$-	$-
Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Total Subordinate Debt Payments	$ 437	$ 445	$ 757	$ 804	$ 793	$ 894	$-	$-	$-	$-
Total Debt Service [7]	$3,908	$3,919	$4,314	$4,304	$4,304	$2,357	$ 880	$ 935	$1,408	$1,408
DEBT SERVICE COVERAGE[8]										
SENIOR	3.55	2.49	1.87	3.13	1.58	7.71	11.61	10.88	7.21	7.22
SUBORDINATE	3.90	2.98	2.29	3.28	1.74	5.73	11.61	10.88	7.21	7.22

(1) Assumed $3 increase each year for FY22-23 to FY25-26. Starting in FY22-23, Industrial Waste revenue accrues to the JOS (to offset JOS operating expenses), not the individual Districts.
(2) Assumes no annual increase in property tax revenues over next two fiscal years.
(3) Assumes an interest rate of 0.5% for FY22-23 and FY23-24 and 1% for years thereafter. Starting in FY22-23, most reserve funds are held by the JOS, resulting in lower interest for each District.
(4) Connection Fee revenues not displayed beginning in FY22-23 as it is not directly included in Debt Coverage calculation in the Master Obligation Agreement.
(5) Does not include depreciation.
(6) Represents primarily the O&M portion of operating payments made to the JOS. Starting in FY22-23, the District's O&M is reduced since the JOS O&M is partially offset by revenues collected by the JOS. JOS O&M projections assume an average annual increase of 4.3% in labor for FY22-23, 4% for FY23-24, 3.3% for FY24-25 and 3% for years after. Inflation rates asumptions for all other expenses are 5% for FY22-23, 4.5% for FY23-24, 3.5% for FY24-25, 3% for FY25-26 and 2.5% for FY26-27.
(7) Debt service represents the Districts share of Shared Projects debt service which is calculated as described in the MOA.
(8) The subordinate debt coverage calculation is based on total debt service.

	Historical Operating Data						*Projected Operating Data*			
DISTRICT 22	**FY 16-17**	**FY 17-18**	**FY 18-19**	**FY 19-20**	**FY 20-21**	**FY 21-22**	**FY 22-23**	**FY 23-24**	**FY 24-25**	**FY 25-26**
REVENUE SOURCES										
User Fees[1]	$23,187	$22,566	$23,031	$24,646	$23,076	$22,317	$22,283	$22,661	$23,039	$23,416
Other Revenues	1,636	2,048	2,047	2,024	2,158	1,761	6,440	6,744	6,985	7,229
A.V. Tax[2]	4,211	4,420	4,591	5,013	5,485	5,097	5,381	5,489	5,599	5,711
Interest[3]	1,215	1,265	1,788	1,787	729	677	133	253	481	485
Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-
CIF Connection Fee Revenue	2,475	2,059	2,282	1,790	937	2,835	NA [4]	NA [4]	NA [4]	NA [4]
Total Revenue	$32,724	$32,358	$33,739	$35,260	$32,385	$32,686	$34,237	$35,147	$36,103	$36,841
Total Revenue for Senior Calculation	30,249	30,299	31,457	33,470	31,448	29,851	34,237	35,147	36,103	36,841
EXPENSES[5]										
Total O&M[6]	$17,608	$18,333	$20,646	$20,688	$21,844	$20,515	$25,721	$26,719	$27,749	$28,572
Rate Stabilization Fund	3,818	5,071	6,550	3,043	5,350	-	-	-	-	-
Total	$21,426	$23,404	$27,196	$23,731	$27,194	$20,515	$25,721	$26,719	$27,749	$28,572
DEBT SERVICE PAYMENTS										
Senior										
State Loans	$1,186	$1,210	$1,285	$1,194	$1,188	$1,122	$-	$-	$-	$-
Revenue Bonds	1,749	1,751	1,747	1,744	1,772	-	-	-	-	-
2022 JOS Refunding Bonds	-	-	-	-	-	-	725	725	725	725
WIFIA Loan	-	-	-	-	-	-	-	-	-	-
Future SRF Loans	-	-	-	-	-	-	-	44	434	434
Total Senior Debt Payments	$2,935	$2,961	$3,032	$2,938	$2,960	$1,122	$ 725	$ 770	$1,159	$1,160
Subordinate										
State Loans	$ 357	$ 371	$ 633	$ 648	$ 650	$ 686	$-	$-	$-	$-
Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Total Subordinate Debt Payments	$ 357	$ 371	$ 633	$ 648	$ 650	$ 686	$-	$-	$-	$-
Total Debt Service [7]	$3,292	$3,332	$3,665	$3,586	$3,610	$1,808	$ 725	$ 770	$1,159	$1,160
DEBT SERVICE COVERAGE[8]										
SENIOR	2.88	2.20	1.20	3.09	1.22	7.71	11.75	10.95	7.21	7.13
SUBORDINATE	3.43	2.69	1.79	3.22	1.44	6.73	11.75	10.95	7.21	7.13

(1) Assumed $3 increase each year for FY22-23 to FY25-26. Starting in FY22-23, Industrial Waste revenue accrues to the JOS (to offset JOS operating expenses), not the individual Districts.
(2) Assumes no annual increase in property tax revenues over next two fiscal years.
(3) Assumes an interest rate of 0.5% for FY22-23 and FY23-24 and 1% for years thereafter. Starting in FY22-23, most reserve funds are held by the JOS, resulting in lower interest for each District.
(4) Connection Fee revenues not displayed beginning in FY22-23 as it is not directly included in Debt Coverage calculation in the Master Obligation Agreement.
(5) Does not include depreciation.
(6) Represents primarily the O&M portion of operating payments made to the JOS. Starting in FY22-23, the District's O&M is reduced since the JOS O&M is partially offset by revenues collected by the JOS. JOS O&M projections assume an average annual increase of 4.3% in labor for FY22-23, 4% for FY23-24, 3.3% for FY24-25 and 3% for years after. Inflation rates asumptions for all other expenses are 5% for FY22-23, 4.5% for FY23-24, 3.5% for FY24-25, 3% for FY25-26 and 2.5% for FY26-27.
(7) Debt service represents the Districts share of Shared Projects debt service which is calculated as described in the MOA.
(8) The subordinate debt coverage calculation is based on total debt service.

DISTRICT 23	*Historical Operating Data* FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	*Projected Operating Data* FY 22-23	FY 23-24	FY 24-25	FY 25-26
REVENUE SOURCES										
User Fees[(1)]	$3,880	$3,523	$4,966	$4,664	$6,287	$4,635	$-	$-	$-	$-
Other Revenues	220	276	259	278	351	258	174	182	189	195
A.V. Tax[(2)]	424	426	506	562	625	514	645	690	738	790
Interest[(3)]	194	248	332	371	163	159	17	79	157	158
Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-
CIF Connection Fee Revenue	209	258	247	235	178	79	NA [(4)]	NA [(4)]	NA [(4)]	NA [(4)]
Total Revenue	$4,927	$4,731	$6,310	$6,110	$7,604	$5,645	$ 836	$ 951	$1,084	$1,144
Total Revenue for Senior Calculation	4,718	4,473	6,063	5,875	7,426	5,566	836	951	1,084	1,144
EXPENSES[(5)]										
Total O&M[(6)]	$2,989	$3,264	$3,335	$3,643	$4,313	$3,606	$ 707	$ 734	$ 763	$ 785
Rate Stabilization Fund	290	170	2,010	553	1,658	-	-	-	-	-
Total	$3,279	$3,434	$5,345	$4,196	$5,971	$3,606	$ 707	$ 734	$ 763	$ 785
DEBT SERVICE PAYMENTS										
Senior										
State Loans	$ 154	$ 164	$ 163	$ 167	$ 197	$ 164	$-	$-	$-	$-
Revenue Bonds	369	370	369	370	374	-	-	-	-	-
2022 JOS Refunding Bonds	-	-	-	-	-	-	20	20	20	20
WIFIA Loan	-	-	-	-	-	-	-	-	-	-
Future SRF Loans	-	-	-	-	-	-	-	1	12	12
Total Senior Debt Payments	$ 523	$ 534	$ 532	$ 537	$ 571	$ 164	$ 20	$ 21	$ 31	$ 31
Subordinate										
State Loans	$ 46	$ 50	$ 80	$ 91	$ 107	$ 100	$-	$-	$-	$-
Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Total Subordinate Debt Payments	$ 46	$ 50	$ 80	$ 91	$ 107	$ 100	$-	$-	$-	$-
Total Debt Service [(7)]	$ 569	$ 584	$ 612	$ 628	$ 678	$ 265	$ 20	$ 21	$ 31	$ 31
DEBT SERVICE COVERAGE[(8)]										
SENIOR	2.66	1.85	1.20	2.96	2.36	11.31	6.60	10.44	10.28	11.45
SUBORDINATE	2.90	2.22	1.58	3.05	2.41	7.70	6.60	10.44	10.28	11.45

(1) Assumed rate decreased to $0 each year for FY22-23 to FY25-26. Starting in FY22-23, Industrial Waste revenue accrues to the JOS (to offset JOS operating expenses), not the individual Districts.
(2) Assumes no annual increase in property tax revenues over next two fiscal years.
(3) Assumes an interest rate of 0.5% for FY22-23 and FY23-24 and 1% for years thereafter. Starting in FY22-23, most reserve funds are held by the JOS, resulting in lower interest for each District.
(4) Connection Fee revenues not displayed beginning in FY22-23 as it is not directly included in Debt Coverage calculation in the Master Obligation Agreement.
(5) Does not include depreciation.
(6) Represents primarily the O&M portion of operating payments made to the JOS. Starting in FY22-23, the District's O&M is reduced since the JOS O&M is partially offset by revenues collected by the JOS. JOS O&M projections assume an average annual increase of 4.3% in labor for FY22-23, 4% for FY23-24, 3.3% for FY24-25 and 3% for years after. Inflation rates asumptions for all other expenses are 5% for FY22-23, 4.5% for FY23-24, 3.5% for FY24-25, 3% for FY25-26 and 2.5% for FY26-27.
(7) Debt service represents the Districts share of Shared Projects debt service which is calculated as described in the MOA.
(8) The subordinate debt coverage calculation is based on total debt service.

DISTRICT 28	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
	Historical Operating Data						*Projected Operating Data*			
REVENUE SOURCES										
User Fees[1]	$ 804	$ 640	$ 651	$ 683	$ 689	$ 678	$-	$-	$-	$-
Other Revenues	59	71	69	67	71	66	243	255	264	273
A.V. Tax[2]	635	679	717	755	800	778	801	825	850	876
Interest[3]	88	117	162	169	70	90	7	44	84	82
Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-
CIF Connection Fee Revenue	57	52	80	56	25	11	NA [4]	NA [4]	NA [4]	NA [4]
Total Revenue	$1,643	$1,559	$1,679	$1,730	$1,655	$1,623	$1,051	$1,124	$1,198	$1,231
Total Revenue for Senior Calculation	1,586	1,507	1,599	1,674	1,630	1,612	1,051	1,124	1,198	1,231
EXPENSES[5]										
Total O&M[6]	$ 589	$ 666	$ 794	$ 913	$ 723	$ 800	$ 992	$1,030	$1,070	$1,102
Rate Stabilization Fund	595	650	615	497	715	-	-	-	-	-
Total	$1,184	$1,316	$1,409	$1,410	$1,438	$ 800	$ 992	$1,030	$1,070	$1,102
DEBT SERVICE PAYMENTS										
Senior										
State Loans	$ 229	$ 41	$ 43	$ 40	$ 40	$ 42	$-	$-	$-	$-
Revenue Bonds	97	97	97	96	97	-	-	-	-	-
2022 JOS Refunding Bonds	-	-	-	-	-	-	27	27	27	27
WIFIA Loan	-	-	-	-	-	-	-	-	-	-
Future SRF Loans	-	-	-	-	-	-	-	2	16	16
Total Senior Debt Payments	$ 326	$ 138	$ 140	$ 136	$ 137	$ 42	$ 27	$ 29	$ 44	$ 44
Subordinate										
State Loans	$ 12	$ 13	$ 21	$ 22	$ 22	$ 26	$-	$-	$-	$-
Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Total Subordinate Debt Payments	$ 12	$ 13	$ 21	$ 22	$ 22	$ 26	$-	$-	$-	$-
Total Debt Service [7]	$ 338	$ 151	$ 161	$ 158	$ 159	$ 68	$ 27	$ 29	$ 44	$ 44
DEBT SERVICE COVERAGE[8]										
SENIOR	1.20	1.29	1.21	1.78	1.24	18.75	2.17	3.22	2.93	2.95
SUBORDINATE	1.36	1.61	1.68	2.03	1.37	12.18	2.17	3.22	2.93	2.95

(1) Assumed rate decreased to $0 each year for FY22-23 to FY25-26. Starting in FY22-23, Industrial Waste revenue accrues to the JOS (to offset JOS operating expenses), not the individual Districts.
(2) Assumes no annual increase in property tax revenues over next two fiscal years.
(3) Assumes an interest rate of 0.5% for FY22-23 and FY23-24 and 1% for years thereafter. Starting in FY22-23, most reserve funds are held by the JOS, resulting in lower interest for each District.
(4) Connection Fee revenues not displayed beginning in FY22-23 as it is not directly included in Debt Coverage calculation in the Master Obligation Agreement.
(5) Does not include depreciation.
(6) Represents primarily the O&M portion of operating payments made to the JOS. Starting in FY22-23, the District's O&M is reduced since the JOS O&M is partially offset by revenues collected by the JOS. JOS O&M projections assume an average annual increase of 4.3% in labor for FY22-23, 4% for FY23-24, 3.3% for FY24-25 and 3% for years after. Inflation rates asumptions for all other expenses are 5% for FY22-23, 4.5% for FY23-24, 3.5% for FY24-25, 3% for FY25-26 and 2.5% for FY26-27.
(7) Debt service represents the Districts share of Shared Projects debt service which is calculated as described in the MOA.
(8) The subordinate debt coverage calculation is based on total debt service.

DISTRICT 29	*Historical Operating Data* FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	*Projected Operating Data* FY 22-23	FY 23-24	FY 24-25	FY 25-26
REVENUE SOURCES										
User Fees[1]	$1,960	$1,937	$2,031	$2,053	$2,048	$2,003	$1,962	$2,023	$2,085	$2,147
Other Revenues	109	90	88	86	92	84	287	300	311	322
A.V. Tax[2]	124	154	154	173	192	165	186	189	193	197
Interest[3]	79	107	149	158	76	78	6	14	15	14
Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-
CIF Connection Fee Revenue	85	80	87	75	118	80	NA [4]	NA [4]	NA [4]	NA [4]
Total Revenue	$2,357	$2,368	$2,509	$2,545	$2,526	$2,410	$2,440	$2,527	$2,604	$2,680
Total Revenue for Senior Calculation	2,272	2,288	2,422	2,470	2,408	2,330	2,440	2,527	2,604	2,680
EXPENSES[5]										
Total O&M[6]	$1,304	$1,229	$1,262	$1,325	$1,333	$1,508	$1,437	$1,494	$1,550	$1,596
Rate Stabilization Fund	653	703	974	696	890	-	-	-	-	-
Total	$1,957	$1,932	$2,236	$2,021	$2,223	$1,508	$1,437	$1,494	$1,550	$1,596
DEBT SERVICE PAYMENTS										
Senior										
State Loans	$ 48	$ 53	$ 55	$ 52	$ 52	$ 54	$-	$-	$-	$-
Revenue Bonds	30	30	30	30	31	-	-	-	-	-
2022 JOS Refunding Bonds	-	-	-	-	-	-	32	32	32	32
WIFIA Loan	-	-	-	-	-	-	-	-	-	-
Future SRF Loans	-	-	-	-	-	-	-	2	19	19
Total Senior Debt Payments	$ 78	$ 83	$ 85	$ 82	$ 83	$ 54	$ 32	$ 34	$ 52	$ 52
Subordinate										
State Loans	$ 72	$ 73	$ 84	$ 85	$ 85	$ 90	$-	$-	$-	$-
Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Total Subordinate Debt Payments	$ 72	$ 73	$ 84	$ 85	$ 85	$ 90	$-	$-	$-	$-
Total Debt Service [7]	$ 150	$ 156	$ 169	$ 167	$ 168	$ 144	$ 32	$ 34	$ 52	$ 52
DEBT SERVICE COVERAGE[8]										
SENIOR	3.12	3.41	1.20	4.44	1.20	13.63	31.07	30.15	20.43	21.01
SUBORDINATE	2.67	2.79	1.62	3.14	1.80	6.28	31.07	30.15	20.43	21.01

(1) Assumed $9 increase each year for FY22-23 to FY25-26. Starting in FY22-23, Industrial Waste revenue accrues to the JOS (to offset JOS operating expenses), not the individual Districts.
(2) Assumes no annual increase in property tax revenues over next two fiscal years.
(3) Assumes an interest rate of 0.5% for FY22-23 and FY23-24 and 1% for years thereafter. Starting in FY22-23, most reserve funds are held by the JOS, resulting in lower interest for each District.
(4) Connection Fee revenues not displayed beginning in FY22-23 as it is not directly included in Debt Coverage calculation in the Master Obligation Agreement.
(5) Does not include depreciation.
(6) Represents primarily the O&M portion of operating payments made to the JOS. Starting in FY22-23, the District's O&M is reduced since the JOS O&M is partially offset by revenues collected by the JOS. JOS O&M projections assume an average annual increase of 4.3% in labor for FY22-23, 4% for FY23-24, 3.3% for FY24-25 and 3% for years after. Inflation rates asumptions for all other expenses are 5% for FY22-23, 4.5% for FY23-24, 3.5% for FY24-25, 3% for FY25-26 and 2.5% for FY26-27.
(7) Debt service represents the Districts share of Shared Projects debt service which is calculated as described in the MOA.
(8) The subordinate debt coverage calculation is based on total debt service.

South Bay Cities	*Historical Operating Data* FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	*Projected Operating Data* FY 22-23	FY 23-24	FY 24-25	FY 25-26
REVENUE SOURCES										
User Fees[1]	$6,462	$6,725	$6,822	$7,036	$7,028	$7,289	$3,896	$3,904	$3,911	$3,919
Other Revenues	650	756	736	752	806	753	2,659	2,785	2,884	2,985
A.V. Tax[2]	5,229	5,615	5,937	6,298	6,672	6,487	6,682	6,882	7,089	7,302
Interest[3]	460	633	865	892	460	395	53	161	302	297
Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-
CIF Connection Fee Revenue	636	832	755	642	338	505	NA [4]	NA [4]	NA [4]	NA [4]
Total Revenue	$13,437	$14,561	$15,115	$15,620	$15,304	$15,430	$13,290	$13,732	$14,187	$14,502
Total Revenue for Senior Calculation	12,801	13,729	14,360	14,978	14,966	14,925	13,290	13,732	14,187	14,502
EXPENSES[5]										
Total O&M[6]	$7,520	$7,556	$8,116	$8,893	$9,243	$9,957	$10,632	$11,044	$11,470	$11,810
Rate Stabilization Fund	1,294	2,928	4,330	2,107	3,761	-	-	-	-	-
Total	$8,814	$10,484	$12,446	$11,000	$13,004	$9,957	$10,632	$11,044	$11,470	$11,810
DEBT SERVICE PAYMENTS										
Senior										
State Loans	$ 454	$ 448	$ 464	$ 451	$ 453	$ 480	$-	$-	$-	$-
Revenue Bonds	935	936	934	933	947	-	-	-	-	-
2022 JOS Refunding Bonds	-	-	-	-	-	-	299	299	299	300
WIFIA Loan	-	-	-	-	-	-	-	-	-	-
Future SRF Loans	-	-	-	-	-	-	-	18	179	179
Total Senior Debt Payments	$1,389	$1,384	$1,398	$1,384	$1,400	$ 480	$ 299	$ 318	$ 479	$ 479
Subordinate										
State Loans	$ 137	$ 137	$ 228	$ 245	$ 245	$ 293	$-	$-	$-	$-
Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Total Subordinate Debt Payments	$ 137	$ 137	$ 228	$ 245	$ 245	$ 293	$-	$-	$-	$-
Total Debt Service [7]	$1,526	$1,521	$1,626	$1,629	$1,645	$ 773	$ 299	$ 318	$ 479	$ 479
DEBT SERVICE COVERAGE[8]										
SENIOR	2.77	2.25	1.21	2.70	1.23	9.74	8.88	8.46	5.68	5.62
SUBORDINATE	3.03	2.68	1.64	2.84	1.40	7.08	8.88	8.46	5.68	5.62

(1) Assumed rate decreased to $75 each year for FY22-23 to FY25-26. Starting in FY22-23, Industrial Waste revenue accrues to the JOS (to offset JOS operating expenses), not the individual Districts.
(2) Assumes no annual increase in property tax revenues over next two fiscal years.
(3) Assumes an interest rate of 0.5% for FY22-23 and FY23-24 and 1% for years thereafter. Starting in FY22-23, most reserve funds are held by the JOS, resulting in lower interest for each District.
(4) Connection Fee revenues not displayed beginning in FY22-23 as it is not directly included in Debt Coverage calculation in the Master Obligation Agreement.
(5) Does not include depreciation.
(6) Represents primarily the O&M portion of operating payments made to the JOS. Starting in FY22-23, the District's O&M is reduced since the JOS O&M is partially offset by revenues collected by the JOS. JOS O&M projections assume an average annual increase of 4.3% in labor for FY22-23, 4% for FY23-24, 3.3% for FY24-25 and 3% for years after. Inflation rates asumptions for all other expenses are 5% for FY22-23, 4.5% for FY23-24, 3.5% for FY24-25, 3% for FY25-26 and 2.5% for FY26-27.
(7) Debt service represents the Districts share of Shared Projects debt service which is calculated as described in the MOA.
(8) The subordinate debt coverage calculation is based on total debt service.

Certain Existing Reserves of the Participating Districts.

The Participating Districts maintain a variety of reserves for operating costs, capital costs and rate stabilization. The operating fund must be sufficient to meet the cashflow needs and to meet current and anticipated expenses in accordance with the long-term budgetary projections. Table 14 contains fund balances for each Participating District as of December 31, 2021.

TABLE 14
FUND BALANCES AS OF DECEMBER 31, 2021

District	Unrestricted (1)	Designated (2)	Restricted (3)
1	$34,906,143	$29,237,529	$12,683,216
2	$53,601,071	$32,703,428	$18,279,181
3	$33,558,571	$31,079,016	$4,354,927
5	$54,755,432	$32,866,406	$4,602,869
8	$20,135,440	$832,740	$7,911,710
15	$39,579,528	$50,145,316	$11,029,578
16	$22,572,480	$39,332,449	$2,825,501
17	$2,367,339	$6,572,872	$617,584
18	$31,531,787	$16,429,736	$8,861,737
19	$7,348,454	$9,958,837	$3,511,310
21	$31,912,041	$37,573,988	$15,068,061
22	$24,740,189	$44,672,208	$7,578,572
23	$6,752,741	$12,871,280	$91,459
28	$1,063,966	$8,348,679	$17,983
29	$1,730,939	$6,478,500	$667,385
SBC	$10,758,589	$30,758,850	$2,720,501
34	$1,916	-	-
JOS	$35,215,767	-	$199,165,630
Total	**$412,532,393**	**$389,861,834**	**$299,987,202**

(1) Unrestricted funds include all monies collected or generated by or on behalf of the District or Joint Outfall System, without regard to the source, except those that have been deemed to be Designated or Restricted.

(2) Designated funds are funds that have imposed restrictions on the use of the monies for specific purposes such as capital facilities, land acquisition, and repair and replacement of existing assets. These monies are not otherwise legally restricted and the Districts have the discretion to redesignate the actual or intended usage of these monies.

(3) Restricted funds have imposed restrictions externally through law (federal, state, or local governments), administrative action (adopted ordinances of the Districts), or contractual arrangements (e.g., bond indentures, State Revolving Fund installment sales agreements). The monies in Restricted Reserve Funds can only be used for the purpose for which they were established or dedicated until the restrictions are removed by the party that imposed them or the contractual agreement that created them has expired.

Existing Obligations of the Participating Districts

Following the issuance of the 2022 Bonds and the prepayment of the Prepaid State Loans, the only Outstanding Obligations of the respective Participating District will be the Installment Payments. [CONFIRM]

Tax Levies and Delinquencies

In accordance with the California Revenue and Taxation Code, the County tax collector collects secured tax levies for each Fiscal Year. One-half of the tax installment is due November 1 and becomes delinquent December 10; the second installment is due February 1 and becomes delinquent April 10. A 10 percent penalty is added to any late installment. If no payments have been made on delinquent taxes at the end of five years, the property is deeded to the State. Such properties may thereafter be conveyed to the County tax collector as provided by law. Property owners may redeem property upon payment of delinquent taxes and penalties. Properties sold to the State incur a redemption penalty of 1.0 percent of the delinquent taxes per month of delinquency. Properties may be redeemed under an installment plan by paying current taxes plus 20 percent of delinquent taxes over a five year period. Interest accrues at 1.0 percent per month on the unpaid balance.

For most parcels the annual service charge is placed on the property tax bill as a separate line item under the heading of "Direct Charges." It is not part of the 1% general tax levy allowable under Proposition 13 nor is it considered voted indebtedness. However, the tax collector considers the property tax bill as a single total quantity; the taxpayer cannot choose to withhold a portion of the charges due and designate how the taxpayers' partial payment is to be applied. Hence, any failure to pay the service charge is treated as a property tax delinquency and is subject to the same penalty provisions described above. A few parcels (generally non-local governmental parcels constituting less than 0.0% of the total number of parcels) do not receive property tax bills, for which the Participating Districts mail a direct bill to the property owner. Pursuant to the Participating Districts' Master Service Charge Ordinances, delinquencies on direct bills are subject to a late payment penalty of 10% plus interest at the maximum rate allowed by law (currently 1.0% per month).

Pension Plan

For a description of the California Public Employees Retirement System ("CalPERS"), in which the Participating Districts participate, see Note 11 to the basic financial statements of the Sanitation Districts for fiscal year 2020-21 set forth in Appendix A attached hereto. The LACSD have contributed 100% of the normal costs, plus the required Unfunded Accrued Liability contribution to the California Public Employees Retirement System every year. Pursuant to the Joint Administration Agreement, the Participating Districts are responsible for retirement benefits in an amount equal to its portion of overhead charges, plus retirement benefits for personnel who work specifically on projects directly for the Participating Districts in proportion to these labor costs relative to total labor costs of the LACSD. The cost of providing retirement benefits has increased significantly over the last several years and there can be no assurance that the Participating Districts required contributions to CalPERS will not materially exceed its estimates.

In September 2021, all of the LACSD entered into an agreement which requires the LACSD's Solid Waste System to pay up to $470 million from its landfill post-closure maintenance funds to CalPERS in order to reduce or eliminate the LACSD's Unfunded Accrued Liability with CalPERS. In exchange for this payment, all of the LACSD agreed to pay a fee in lieu of the unfunded actuarial liability ("UAL") payment in an annual amount equivalent to the annual post-closure maintenance needs for the solid waste landfills. The cumulative amount to be paid by the LACSD is not to exceed the total debt service on market-rate pension bonds. Pension costs, whether paid to CalPERS as UAL amortization payments or paid as a fee-in-lieu joint administration expense, are considered operating costs. The exchange is expected to save the LACSD a total of $250 million, with an annual savings of $25 to $45 million per year over the next 10 years.

Other Post-Employment Benefits (OPEB)

Pursuant to the Joint Administration Agreement, the Participating Districts pay a proportionate share of overhead charges plus health care benefits and certain dental care benefits for retired employees of the staff of the LACSD. The LACSD have contributed 100% of the OPEB actuarially required contribution every year. See Note 12 to the basic financial statements of the LACSD for fiscal year 2020-21 set forth in Appendix A attached hereto.

State Financial Conditions

The State of California experiences financial stress from time to time, including multi-billion dollar budget shortfalls in recent fiscal years. From time to time legislative proposals have been made which would materially adversely impact the financial condition of the Participating Districts, including reducing property tax revenues received by the Participating Districts. There can be no assurances that actions taken by the State from time to time will not adversely affect the financial condition of the Participating Districts.

Insurance

The risk management objectives of the Participating Districts are to protect against financial consequences of accidental losses which are catastrophic in nature and to preserve the LACSD's assets and public service capabilities from loss, destruction or depletion. The LACSD currently have $20 million of general liability insurance with a $5,000,000 self-insured retention over the underlying $1,000,000 automobile liability coverage. Fire and theft insurance has been purchased on specific buildings and their contents in the amount of $511,244,759. Each of the aforementioned policies is available to the Participating Districts through the LACSD. See Note 9 to the basic financial statements of the Sanitation Districts for fiscal year 2020-21 set forth in Appendix A attached hereto. The LACSD are self-insured for workers' compensation and medical claims.

All the LACSD's construction contracts require the contractor to adhere strictly to the insurance and letter of credit requirements outlined in the projects' specifications, as set forth in the Special Provisions, as well as to the requirements listed in the most current edition of Standard Specifications for Public Works Construction.

Legal Debt and Tax Limitations

The ability of the Participating District to raise taxes and to impose rates, fees and charges is subject to statutory and constitutional limitations. Certain of these limitations are described below.

Property Tax Rate Limitation – Article XIII A

Article XIII A of the California Constitution limits the taxing powers of California public agencies. Article XIII A provides that the maximum ad valorem tax on real property cannot exceed 1% of the "full cash value" which is defined as "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment," subject to exceptions for certain circumstances of transfer or reconstruction and except with respect to certain voter-approved debt. The "full cash value" is subject to annual adjustment to reflect increases, not to exceed 2% per year, or decreases in the consumer price index or comparable local data, or to reflect reduction in property value caused by damage, destruction or other factors.

Article XIIIA requires a vote of two-thirds of the qualified electorate to impose special taxes, while generally precluding the imposition of any additional ad valorem, sales or transaction tax on real property. As amended, Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service on certain voter-approved general obligation bonds for the acquisition or improvement of real property.

In addition, Article XIIIA requires the approval of two-thirds of all members of the State Legislature to change any State laws resulting in increased tax revenues.

Appropriations Limitations

The State and most entities of local government are subject to an annual "appropriations limit" imposed by Article XIIIB of the State Constitution. Article XIIIB prohibits an entity of the government from spending "appropriations subject to limitation" in excess of the appropriations limit imposed. Article XIIIB, originally adopted in 1979, was modified substantially by Propositions 98 and 111 in 1988 and 1990, respectively. "Appropriations subject to limitation" are authorizations to spend "proceeds of taxes," which consist of tax revenues, state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service," but "proceeds of taxes" excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on appropriations of funds that are not "proceeds of taxes," such as reasonable user charges or fees, and certain other non-tax funds.

Not included in the Article XIIIB limit are appropriations for the debt service costs of bonds existing or authorized by January l, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government and appropriations for qualified capital outlay projects. The appropriations limit may also be exceeded in certain cases of emergency.

The appropriations limit for each Participating District in each year is based on the Participating District's limit for the prior year, adjusted annually for changes in the cost of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at a District's option, either (1) the percentage change in California per capita personal income, or (2) the percentage change in the local assessment roll on nonresidential property. Either test is likely to be greater than the change in the cost of living index, which was used prior to Proposition 111. Change in population is to be measured either within the jurisdiction of the Participating District or the County as a whole.

As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate "proceeds of taxes" received by a District over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedule over the subsequent two years. As originally enacted in 1979, each Participating District's appropriations limit was based on 1978-79 authorizations to expend proceeds of taxes and was adjusted annually to reflect changes in cost of living and population (using different definitions, which were modified by Proposition 111). Each Participating District's appropriations limit is recalculated by taking the actual Fiscal Year 1986-87 limit, and applying the annual adjustments provided for in Proposition 111. No Participating District anticipates that any such appropriations limitations will impair its ability to make its Installment Payments as required by the Joint Acquisition Agreement.

Proposition 62

On November 4, 1986, California voters approved Proposition 62, which added Sections 53720 et seq. to the California Government Code and which: (i) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities, such as the Participating Districts, be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax; (ii) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax; (iii) restricts the use of revenues from a special tax to the purposes or for the services for which the special tax was imposed; (iv) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIIIA of the California Constitution; (v) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities; and (vi) requires that any tax imposed by a local governmental entity on or after August 1, 1985 and prior to the effective date of Proposition 62 be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

The Participating Districts do not believe that Proposition 62 will impair their ability to make their Installment Payments as required by the Joint Acquisition Agreement.

Proposition 218

On November 5, 1996, the voters of the California approved Proposition 218, a constitutional initiative, entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 added Articles XIII C and XIII D to the California Constitution and contained a number of provisions affecting the ability of local governments, including the Participating Districts, to levy and collect both existing and future taxes, assessments, fees, and charges. Proposition 218 became effective on November 6, 1996. Senate Bill 919 was enacted to provide certain implementing provisions for Proposition 218 and became effective July 1, 1997. As described below, Proposition 218 provides for broad initiative powers to reduce or repeal any local tax, assessment, fee, or charge. This initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments, fees or charges. However, other than an impact resulting from the exercise of this initiative power or the majority protest provisions of Proposition 218, as described below, the Participating Districts do not believe that the potential financial impact of Proposition 218 will adversely affect the Participating Districts' ability to make 2022 Installment Payments as and when due.

Article XIII D of Proposition 218 adds several provisions affecting "fees" and "charges," which are defined as "any levy other than an ad valorem tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new and, after June 30, 1998, existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. A hearing must then be held upon the proposed imposition or increase of such property based fee, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the jurisdiction may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area. The Participating Districts have provided notice in compliance with the notice procedures outlined in Proposition 218.

"Fees" and "charges" are not defined in Article XIII C or SB 919. However, on July 24, 2006, the California Supreme Court ruled in Bighorn-Desert View Water Agency v. Virjil (Kelley) (the "Bighorn Decision") that charges for ongoing water delivery are property related fees and charges within the meaning of Article XIIID and are also fees or charges within the meaning of Section 3 of Article XIIIC. The California Supreme Court held that such water service charges may, therefore, be reduced or repealed through a local voter initiative pursuant to Section 3 of Article XIIIC.

In the Bighorn Decision, the Supreme Court did state that nothing in Section 3 of Article XIIIC authorizes initiative measures that impose voter-approval requirements for future increases in fees or charges for water delivery. The Supreme Court stated that water providers may determine rates and charges upon proper action of the governing body and that the governing body may increase a charge which was not affected by a prior initiative or impose an entirely new charge.

The Supreme Court further stated in the Bighorn Decision that it was not holding that the initiative power is free of all limitations and was not determining whether the initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay debt service on bonded debt and operating expenses. Such initiative power could be subject to the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution.

Each Participating District has covenanted in the Master Obligation Agreement, to the extent permitted by applicable law, to fix, prescribe and collect rates and charges for the services of its Sewerage System that will be at least sufficient to yield during each Fiscal Year (i) Revenues of such District for such Fiscal Year sufficient to make all deposits, transfers and payments required pursuant to the Master Obligation Agreement to be made in such Fiscal Year and (ii) a Senior Debt Service Coverage Ratio of such District for such Fiscal Year of not less than 1.25:1. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2022 BONDS– Rate Covenant" herein and Section 5.07 of the Master Obligation Agreement attached as Appendix D to this Official Statement. No assurance can be provided that the Participating Districts will be able to meet the rate covenants described above if proposed increased service charges cannot be imposed as a result of a majority protest under Proposition 218.

Proposition 26

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

CERTAIN RISK FACTORS

The following factors, which represent certain major risk factors, should be considered along with all other information in this Official Statement by potential investors in evaluating the 2022 Bonds. There can be no assurance made that other major risk factors do not currently exist or will not become evident at any future time.

COVID-19 Pandemic

The late 2019 outbreak of the new highly transmissible strain of coronavirus and the disease it causes (known as COVID-19), has spread across the globe. The World Health Organization (the "WHO") declared the outbreak of COVID-19 to be a pandemic, and states of emergency were declared in the United States (the "U.S."), the State of California, and numerous counties throughout the State, including the County. The purposes 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.

The COVID-19 pandemic and the governmental actions to respond to and control the outbreak materially altered the behavior of people and disrupted business activity, resulting in a significant contraction of the national, state and local economies. Employment data released since the imposition of governmental restrictions on activities showed a dramatic increase in unemployment rates and, while a recovery of jobs has occurred, unemployment rates remain above pre-pandemic levels. In addition, domestic and international stock markets experienced declines in market value following the onset of the outbreak. Although rebounds in the global financial markets have since occurred, price volatility remains.

With widespread vaccination currently underway worldwide, the domestic governmental-imposed "stay-at-home" orders and restrictions on operations of schools and businesses implemented to respond to and control the outbreak have generally been lifted or eased. The Governor of California lifted most statewide COVID-19 restrictions on June 15, 2021. However, new variants of the disease continue to emerge and restrictions may be re-imposed in various jurisdictions from time to time as local conditions warrant, such as the temporary statewide indoor mask mandates. The Authority cannot predict whether any reinstatement or expansion of stay-at-home orders and travel or other restrictions will occur or when a full resumption of all economic activity will be achieved.

The COVID-19 pandemic and the restrictions described above have resulted in the closure of businesses, worker layoffs and a period of increased unemployment claims. As a result, the COVID-19 pandemic and the impact on the economy may result in a decreased ability of customers of The Participating Districts to pay bills for services provided by the Participating Districts. In addition, Governor Newsom signed Executive Order N-42-20 which enacts a statewide water disconnection moratorium and requires reconnection for households who had their water shutoff since March 4, 2020. (One or more of the Participating Districts utilized water disconnection for nonpayment of utility bills, including nonpayment of bills for services provided by such Participating Districts). Executive Order N-42-20 was scheduled to expire on September 30, 2021, but the moratorium on suspending water service for non-payment was extended to December 31, 2021 with the passage of Senate Bill 155 ("SB 155"). The moratorium on suspending water service for non-payment under SB 155 expired on December 31, 2021 and was not renewed. While the prior moratorium on disconnecting water service was not renewed, there can be no assurance that similar measures will not be taken in the future, which may lead to the increase of uncollected accounts and the decrease of timely payments from customers of the Participating Districts of bills for services provided by the Participating Districts.

The COVID-19 outbreak is ongoing and developments will continue. The ultimate degree of impact of COVID-19 on the operations and finances of the Participating Districts is difficult to predict due to the evolving nature of the COVID-19 pandemic and there can be no assurance that the COVID-19 pandemic will not affect the Participating Districts' ability to pay the Installment Payments.

The Participating Districts cannot predict (i) the duration or extent of the COVID-19 outbreak; (ii) the effectiveness of and ability to reach wide spread distribution of vaccines and the period of time therefor (iii) whether and to what extent COVID-19 may have on the operations of the Participating Districts and the revenues of the Participating Districts; (iv) whether and to what extent the economic impacts of the COVID-19 pandemic will result in a significant increase in late payment or non-payment by customers of bills for services provided by the Participating Districts; (v) whether and to what extent COVID-19 may disrupt the local, State, national or global economy, manufacturing or supply chain, or whether any such disruption may adversely impact construction, the cost, sources of funds, schedule or implementation of the Participating Districts' capital improvement program, or other the Participating Districts operations; (vi) the ramifications of future actions that may be taken or required by governmental authorities to respond to the effects of the pandemic, including additional stimulus efforts by the federal government; (vii) the pace at which the economy can fully reopen; (viii) the speed of the ensuing economic recovery; or (iv) whether any of the foregoing may have a material adverse effect on the finances and operations of the Participating Districts.

Rate Covenant Not a Guarantee; Failure to Meet Projections

The ability of each Participating District to make the Installment Payments and any other payments required to be made by it under the Joint Acquisition Agreement and the Master Obligation Agreement and thereby pay its share of the principal of and interest on the 2022 Bonds, as determined pursuant to the Joint Acquisition Agreement, depends on the ability of each Participating District to generate Net Revenues at the levels required by the Joint Acquisition Agreement and the Master Obligation Agreement. Although, as more particularly described herein, each Participating District expects that sufficient revenues will be generated through the imposition and collection of fees and charges and other Revenues described herein, there is no assurance that the imposition of service charges, surcharges , connection fees or other Revenues will result in the generation of Net Revenues in the amounts required by the Master Obligation Agreement. As a result, one or more Participating Districts may be unable to comply with the covenants under the Master Obligation Agreement regarding generation of revenues and the Participating Districts' covenant does not constitute a guarantee that sufficient Net Revenues will be available to make debt service payments on the 2022 Bonds. Failure by one or more of the Participating Districts to make its Installment Payments under the Joint Acquisition Agreement could materially affect the Authority's ability to timely pay debt service on the 2022 Bonds.

In addition, the Participating Districts' financial projections are based on a number of assumptions. Changes in circumstances could have a material adverse impact on the ability of the Participating Districts to make the Installment Payment and thereby the ability of the Authority to pay the principal of and interest on the 2022 Bonds.

Statutory and Regulatory Impact

Laws and regulations governing wastewater treatment and discharge are enacted and promulgated by government agencies on the federal, state, and local levels. Compliance with these laws and regulations may be costly, and, as more stringent standards are developed to protect the environment, these costs will likely increase. Claims against the Participating Districts with respect to their wastewater facilities and services could be significant. Such claims are payable from assets of the Participating Districts or from other legally available sources.

Although rates are the major source of funding for costs imposed by increased regulatory requirements and the Districts have covenanted in the Master Obligation Agreement to establish rates that are sufficient to enable the Participating Districts to make all payments required to be made pursuant to the Master Obligation Agreement, no assurance can be given that the cost of remediation of identified environmental conditions or compliance with such laws and regulations will not materially adversely affect the ability of the Participating Districts to generate Net Revenues in the amounts required by the Joint Acquisition Agreement and the Master Obligation Agreement and to pay the Installment Payments and any other payments required to be paid by the Participating Districts under the Joint Acquisition Agreement.

Projections

Projections are subject to uncertainties. There will usually be differences between actual and projected results because not all events and circumstances occur as expected, and those differences may be material.

If actual results are less favorable than the results projected or if the assumptions used in preparing such projections prove to be incorrect, the amount of Net Revenues may be materially less than expected and consequently, the ability of the Participating Districts to make timely payment of the Installment Payments may be materially adversely affected.

Neither the Participating Districts' independent auditors, nor any other independent accountants have compiled, examined, or performed any procedures with respect to the Net Revenues forecast, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the Net Revenues forecast, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the Net Revenue forecast.

Earthquake or Other Natural Disasters

The Los Angeles basin is traversed by many active faults that have generated large and moderate earthquakes in the past. Over the last 30 years, the most severe of these earthquakes was the January 17, 1994 Northridge earthquake.

The occurrence of an earthquake or other natural disaster that results in the temporary or permanent closure of major components of the Participating Districts or their Sewerage System or result in significantly increased costs that could materially adversely affect the ability of the Participating Districts to operate the Sewerage System or to generate Net Revenues at the levels required by the Master Obligation Agreement. [IS THERE SOMETHING SPECIFIC THAT CAN BE SAID ABOUT SEISMIC RISK?]

Climate Change

Climate change, including change caused by human activities, may have adverse effects on the Sewerage Systems of the Participating Districts. Climate change can also result in more variable weather patterns throughout the State, which can lead to longer and more severe droughts as well as increased risk of flooding and a rise in sea levels. The Participating Districts have hired an independent environmental engineering firm to develop Climate Change Vulnerability Assessment and Management Plans for each treatment plant. Draft Plans have been developed and are expected to be finalized in 2022.

Projections of the impacts of global climate change on the Participating Districts are complex and depend on many factors that are outside each Participating District's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, while the Participating Districts have considered climate change in maintaining and expanding its Sewerage System, the Participating Districts are unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts. While the impacts of climate change may be mitigated by each Participating District's past and future investment in adaptation strategies, no assurance can be given about the net effects of those strategies and whether the Participating Districts will be required to take additional adaptive mitigation measures.

Hazardous Waste

Although Participating Districts have each developed a hazardous waste management plan to prevent inadvertent acceptance of hazardous waste in its service area, no prediction can be made presently as to the adequacy of such plan or as to the cost of implementing such plan. In addition, in the event that hazardous waste is inadvertently deposited in the Sewerage System, which ultimately requires significant remediation costs for which a Participating District may be responsible, no assurance can be given that such cost of remediation will not materially adversely affect the ability of a Participating District to generate Net Revenues in the amounts sufficient to pay the Installment Payments.

Certain Limitations on Ability of the Districts to Impose Taxes, Fees and Charges

Certain statutory limitations on the Participating Districts' ability to impose taxes, fees and charges are discussed in "THE DISTRICTS—Financial Policies—Operation and Maintenance of Existing Facilities" and in "FINANCIAL INFORMATION—Legal Debt and Tax Limitations." There can be no assurances that further legislation or initiatives will not affect the Participating Districts' ability to raise Net Revenues.

No Acceleration of the 2022 Bonds

The Joint Acquisition Agreement does not provide for the acceleration of payment of the Installment Payments upon the declaration of an Event of Default under the Joint Acquisition Agreement. The 2022 Bonds are not subject to acceleration upon an Event of Default under the Indenture. Under the terms of the Master Obligation Agreement, a Participating District is permitted to provide for the acceleration of Obligations following an event of default pursuant to the terms of the Obligation Instrument pursuant to which such Obligations were issued. If a Participating District enters into an Obligation Instrument in the future that provides for the acceleration of the Obligations issued thereunder, and such future Obligations are accelerated, there can be no assurances that such circumstances would not materially adversely affect the ability of such Participating District to pay its Installment Payments under the Joint Acquisition Agreement, and, in turn, on the Authority's ability to pay debt service on the 2022 Bonds.

Limitations on Remedies Available; Bankruptcy

The enforceability of the rights and remedies of the Owners of the 2022 Bonds and the obligations of the Authority and the Participating Districts 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 of the 2022 Bonds 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 (as defined herein) concurrently with the issuance of the 2022 Bonds will be subject to such limitations and the various other legal opinions to be delivered concurrently with the issuance of the 2022 Bonds will be similarly qualified. See Appendix G – "Form of Proposed Opinion of Bond Counsel." In the event that the Authority fails to comply with its covenants under the Indenture or fails to principal of and interest on the 2022 Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the Owners of the 2022 Bonds.

LEGAL MATTERS

Litigation

General

To the best knowledge of the Authority and the Participating Districts, 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 threatened against the Authority or any of the Participating Districts affecting the existence of the Authority or any of the Participating Districts or the titles of their directors or officers to their respective offices or seeking to restrain or enjoin the issuance of the 2022 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 2022

Bonds, the Indenture, the Joint Acquisition Agreement, the Master Obligation Agreement or any action of the Authority or of any of the Participating Districts contemplated by any of those documents, or in any way contesting the completeness or accuracy of this Official Statement, or contesting the powers of the Authority or the Participating Districts or the authority of the Authority with respect to the 2022 Bonds or any action of the Authority or any of the Participating Districts contemplated by any of the documents, nor to the knowledge of the Authority and the Participating Districts, is there any basis therefor.

To the best knowledge of the Participating Districts, 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 threatened against any of the Participating Districts contesting or affecting the ability of the Participating Districts to collect amounts from which 2022 Installment Payments are payable, or which would have a material adverse effect on any of the Participating Districts, including any of the Participating Districts' ability to make 2022 Installment Payments except as described herein.

There are a number of lawsuits and claims pending against the Participating Districts arising from the Participating Districts' normal course of business. The aggregate amount of the uninsured liabilities of the Participating Districts and the timing of any anticipated payments which may result from such lawsuits and claims will not, in the opinion of the Participating Districts, materially affect or impair the Participating Districts' ability to make Installment Payments.

Westlake Farms Litigation (District No. 2)

Westlake Farms vs County Sanitation District No. 2 of Los Angeles County ("Westlake") was heard by a jury in San Luis Obispo Superior Court in September and October of 2021. A preliminary verdict was rendered and settlement proposals from all parties were heard by the court in December 2021. The plaintiffs in the Westlake matter seek monetary damages up to $88 million. As of the date of this Official Statement, the Westlake matter is unresolved, and the County Sanitation District No. 2 of Los Angeles County ("District No. 2") currently cannot estimate the potential damages if the matter were decided against District No. 2. District No. 2 has vigorously defended the Westlake matter and intends to continue. It is the opinion of the District No. 2's legal counsel that the resolution of the Westlake matter, and all other litigation matters, are not likely to have a material adverse effect on the District No. 2's overall financial condition.

Certain Legal Matters

The validity of the 2022 Bonds and certain other matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. A copy of the proposed form of the opinion of Bond Counsel is contained in Appendix G attached hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Authority by Stradling Yocca Carlson & Rauth, a Professional Corporation, Disclosure Counsel, and by Lewis Brisbois Bisgaard & Smith LLP. Certain legal matters will be passed upon for the Underwriters by its counsel, Katten Muchin Rosenman LLP, New York, New York.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the Authority ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2022 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the 2022 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix G hereto.

To the extent the issue price of any maturity of the 2022 Bonds is less than the amount to be paid at maturity of such 2022 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2022 Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the 2022 Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the 2022 Bonds is the first price at which a substantial amount of such maturity of the 2022 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2022 Bonds accrues daily over the term to maturity of such 2022 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2022 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2022 Bonds. Beneficial owners of the 2022 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2022 Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such 2022 Bonds in the original offering to the public at the first price at which a substantial amount of such 2022 Bonds is sold to the public.

2022 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2022 Bonds. The Participating Districts and the Authority have each made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2022 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2022 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2022 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the 2022 Bonds may adversely affect the value of, or the tax status of interest on, the 2022 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2022 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2022 Bonds may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2022 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2022 Bonds. Prospective purchasers of the 2022 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2022 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Participating Districts or the Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Participating Districts and the Authority have each covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the 2022 Bonds ends with the issuance of the 2022 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, or the beneficial owners regarding the tax-exempt status of the 2022 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and their appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the 2022 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2022 Bonds, and may cause the Authority or the beneficial owners to incur significant expense.

CONTINUING DISCLOSURE

The Authority has covenanted for the benefit of Owners and beneficial owners of the 2022 Bonds to provide certain financial information and operating data relating to the Authority and the Participating Districts by not later than March 1 of each year (the "Annual Report"), commencing with the Annual Report for the 2021-22 Fiscal Year (due by March 1, 2023), and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of material events will be filed by the Authority with the Municipal Securities Rulemaking Board through its EMMA system. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" hereto. These covenants have been made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5). The Authority has not failed in the last five years to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events.

FINANCIAL STATEMENTS

Audited financial statements of the Participating Districts for the fiscal year ended June 30, 2021, together with the report of Moss, Levy & Hartzheim LLP, dated December 13, 2021, are set forth in APPENDIX A attached hereto. [Such audited financial statements exclude certain information relating to landfill funds, which are not available for payment of amounts payable by the Participating Districts pursuant to the Joint Acquisition Agreement.] The Districts do not each prepare their own audited financial statements. The Participating Districts prepare audited financial statements on a consolidated basis. The audited financial statements as set forth in APPENDIX A attached hereto, including the footnotes thereto, should be reviewed in their entirety. Moss, Levy & Hartzheim LLP has not reviewed and has not consented to the use of the financial statements.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, has assigned ratings to the 2022 Bonds of "__". The rating reflects only the views of the rating agency and any explanation of the significance of such rating and any ratings on any of the Authority's outstanding obligations may be obtained only from such rating agency. There is no assurance that the rating will remain in effect for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse effect on the market price of the 2022 Bonds.

UNDERWRITING

The 2022 Bonds will be purchased by an underwriting syndicate consisting of BofA Securities, Inc., as representative of itself and J.P. Morgan Securities LLC (collectively, the "Underwritersunder a Contract of Purchase pursuant to which the Underwriters agree to purchase all, but not less than all, of the 2022 Bonds for an aggregate purchase price of $_______ (which represents the principal amount of the 2022 Bonds plus an original issue premium of $_______ minus an underwriting discount of $______ from the public offering prices set forth on the cover of this Official Statement).

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

The following paragraph has been provided by BofA Securities, Inc:

BofA Securities, Inc. has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, the of BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the 2022 Bonds.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the Participating Districts or the Authority and its affiliates in connection with such activities. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Participating Districts or the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Participating Districts or the Authority. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

MUNICIPAL ADVISOR

Montague DeRose and Associates, LLC, is employed as Municipal Advisor to the Authority in connection with the issuance of the 2022 Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the 2022 Bonds is not contingent upon the issuance and delivery of the 2022 Bonds. Montague DeRose and Associates, LLC, in its capacity as Municipal Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the 2022 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Municipal Advisor to the Authority has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, as a part of, its responsibilities to the Authority and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

MISCELLANEOUS

Insofar as any statements in this Official Statement involve matters of opinion or estimates or projections, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the Owners of the 2022 Bonds.

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

LOS ANGELES COUNTY SANITATION DISTRICTS FINANCING AUTHORITY

By:____
Commissioner

COUNTY SANITATION DISTRICTS NOS. 11, 2, 3, 5, 8, 15, 16, 17, 18, 19, 21, 22, 23, 28, 29 and 34 OF LOS ANGELES COUNTY AND SOUTH BAY CITIES SANITATION DISTRICT OF LOS ANGELES COUNTY

By:____
Chief Engineer and General Manager

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE PARTICIPATING DISTRICTS

APPENDIX B

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix Concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book entry system has been obtained from DTC and the Participating Districts and the Underwriters take no responsibility for the completeness or accuracy thereof. The Participating Districts, the authority and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Holders (a) payments of interest, principal or premium, if any, with respect to the 2022 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2022 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2022 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2022 Bonds. The 2022 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 certificate will be issued for each maturity of each series of the 2022 Bonds, each in the aggregate principal amount of such 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, as amended. 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 S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, rating of AA+. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2022 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2022 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 2022 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 2022 Bonds, except in the event that use of the book-entry system for the 2022 Bonds is discontinued.

To facilitate subsequent transfers, all 2022 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 2022 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2022 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2022 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 2022 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2022 Bonds, such as redemptions, tenders, defaults and proposed amendments to the 2022 Bond documents. For example, Beneficial Owners of 2022 Bonds may wish to ascertain that the nominee holding the 2022 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 the notices be provided directly to them.

While the 2022 Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the 2022 Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2022 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 the 2022 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2022 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 the 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 principal and interest 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.

DTC may discontinue providing its services as depository with respect to the 2022 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, certificates representing the 2022 Bonds 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, certificates representing the 2022 Bonds will be printed and delivered to DTC.

The information in this Appendix F concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but neither the Authority, the Participating Districts nor the Underwriters take any responsibility for the accuracy thereof.

APPENDIX C

FORM OF MASTER OBLIGATION AGREEMENT

APPENDIX D

SUMMARY OF CERTAIN LEGAL DOCUMENTS

APPENDIX E

FORM OF PROPOSED CONTINUING DISCLOSURE AGREEMENT

APPENDIX F

FORM OF PRPOSED OPINION OF BOND COUNSEL