

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 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 a 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 APRIL 23, 2025

NEW ISSUE—BOOK-ENTRY ONLY

RATING:
S&P: “ ”
See “RATING” herein.

In the opinion of Stradling Yocca Carlson & Rauth, LLP, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the 2025 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, it should be noted that with respect to applicable corporations as defined in section 59(k) of the Internal Revenue Code of 1986, as amended, interest (and original issue discount) with respect to the 2025 Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the 2025 Bonds is exempt from State of California personal income tax. See “TAX MATTERS” herein.



\$ _____ *

LA HABRA UTILITY AUTHORITY (Orange County, California) Water Refunding Revenue Bonds, Series 2025

Dated: Date of Delivery

Due: November 1, as shown on inside cover page

The \$ _____ * La Habra Utility Authority Water Refunding Revenue Bonds, Series 2025 (the “2025 Bonds”), will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the 2025 Bonds. Individual purchases of the 2025 Bonds will be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Purchasers of Bonds will not receive certificates representing their interest in the 2025 Bonds purchased but will receive a credit balance in the records of DTC. Principal and interest are payable directly to DTC by The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The 2025 Bonds will be issued pursuant to a Water Revenue Bond Indenture, dated as of December 1, 2010, by and between the Authority and the Trustee (the “Original Indenture”), a First Supplemental Water Revenue Bond Indenture, dated as of December 1, 2010 (the “First Supplement”), by and between the Authority and the Trustee, a Second Supplemental Water Revenue Bond Indenture, dated as of October 1, 2013 (the “Second Supplement”), by and between the Authority and the Trustee, a Third Supplemental Water Revenue Bond Indenture, dated as of November 1, 2019 (the “Third Supplement”), by and between the Authority and the Trustee, and a Fourth Supplemental Water Revenue Bond Indenture, dated as of May 1, 2025 (the “Fourth Supplement”), by and between the Authority and the Trustee. The Original Indenture, the First Supplement, the Second Supplement, the Third Supplement and the Fourth Supplement are referred collectively as the “Indenture”).

Principal is payable on the dates set forth on the inside cover page. Interest on the 2025 Bonds is payable semiannually on each May 1 and November 1, commencing November 1, 2025. Upon receipt of payments of principal and interest, DTC is obligated in turn to remit such principal and interest to the DTC Participants (as defined herein) for subsequent disbursement to purchasers of the 2025 Bonds, as described herein. As used herein, the term “Bonds” means the La Habra Utility Authority Water Revenue Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

The 2025 Bonds are special limited obligations of the Authority payable from the Net Revenues of the Water Enterprise (as such terms are defined herein) and other assets pledged under the Indenture as described herein and will be payable on parity with the Series 2019 Bonds (as defined herein). **A reserve fund will not be established for the 2025 Bonds.**

The 2025 Bonds are subject to redemption prior to maturity as described herein. See “THE 2025 BONDS—Redemption” herein.

The 2025 Bonds are being issued for the purpose of refunding, on a current basis, the Authority’s outstanding La Habra Utility Authority (Orange County, California) Water Revenue Bonds, Series 2013A, and to pay the costs in connection with the issuance and sale of the 2025 Bonds.

The Bonds are special, limited obligations of the Authority. The Bonds shall not be deemed to constitute a debt or liability of the Authority, the City of La Habra (the “City”), the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory provision, or a pledge of the faith and credit of the Authority, the City, the State of California (the “State”) or of any political subdivision thereof, but shall be payable, except to the extent of certain amounts held under the Indenture pledged therefor, solely from Net Revenues. Neither the faith and credit nor the taxing power of the City, the State or of any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds. The issuance of the Bonds shall not directly or indirectly or contingently obligate the City, the State or any political subdivision thereof to levy or to pledge any form of taxation whatsoever therefor or to make any appropriation for their payment. The Authority has no taxing power.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES OR YIELDS

SEE THE INSIDE COVER

This cover page contains information for quick reference only. It is not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.

The 2025 Bonds are offered when, as, and if delivered to and received by the Underwriter, subject to the approval of legality by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel. Certain legal matters will be passed upon for the Authority by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, as Disclosure Counsel, and by the City Attorney of the City, and for the Underwriter by Kutak Rock LLP Irvine California. It is anticipated that the 2025 Bonds will be available for delivery through the facilities of DTC on or about May 15, 2025.



Dated: May __, 2025

*Preliminary, subject to change

\$ _____ *

LA HABRA UTILITY AUTHORITY
(Orange County, California)
Water Refunding Revenue Bonds, Series 2025

CUSIP† Prefix _____

MATURITY SCHEDULE*

Maturity (November 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† Suffix
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*Preliminary, subject to change.

† Copyright 2025, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, operated by Standard & Poor's. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the Authority or the City and are included solely for the convenience of the registered owners of the 2025 Bonds. None of the Authority, the City or the Underwriter is responsible for the selection or uses of these CUSIP numbers and no representation is made as to their correctness on the 2025 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the delivery of the 2025 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2025 Bonds.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (“Rule 15c2-12”), this Preliminary Official Statement constitutes an “official statement” of the Authority with respect to the 2025 Bonds that has been deemed “final” by the Authority as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

No dealer, broker, salesperson or other person has been authorized by the Authority, the City or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2025 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the 2025 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

The information set forth herein has been furnished by the Authority, the City and from other sources that are believed to be reliable including, without limitation, the Municipal Water District of Orange County and The Metropolitan Water District of Southern California, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter. The information and expression of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the City or any other parties described herein since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

CERTAIN STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS AND “FORWARD-LOOKING STATEMENTS.” ALL FORWARD-LOOKING STATEMENTS ARE PREDICTIONS AND ARE SUBJECT TO KNOWN AND UNKNOWN RISKS AND UNCERTAINTIES. NO ASSURANCE CAN BE GIVEN THAT THE FUTURE RESULTS DISCUSSED HEREIN WILL BE ACHIEVED, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE FORECASTS DESCRIBED HEREIN. IN THIS RESPECT, THE WORDS “ESTIMATE”, “PROJECT”, “ANTICIPATE”, “EXPECT”, “INTEND”, “BELIEVE” AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS THAT MAY CAUSE THE 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 UPDATES OR REVISIONS TO THESE FORWARD-LOOKING STATEMENTS ARE EXPECTED TO BE ISSUED IF OR WHEN THE EXPECTATIONS, EVENTS, CONDITIONS, OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED CHANGE. GIVEN THEIR UNCERTAINTY, INVESTORS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON SUCH STATEMENTS. See “CONTINUING DISCLOSURE” herein.

The issuance and sale of the 2025 Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively, for the issuance and sale of municipal securities. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

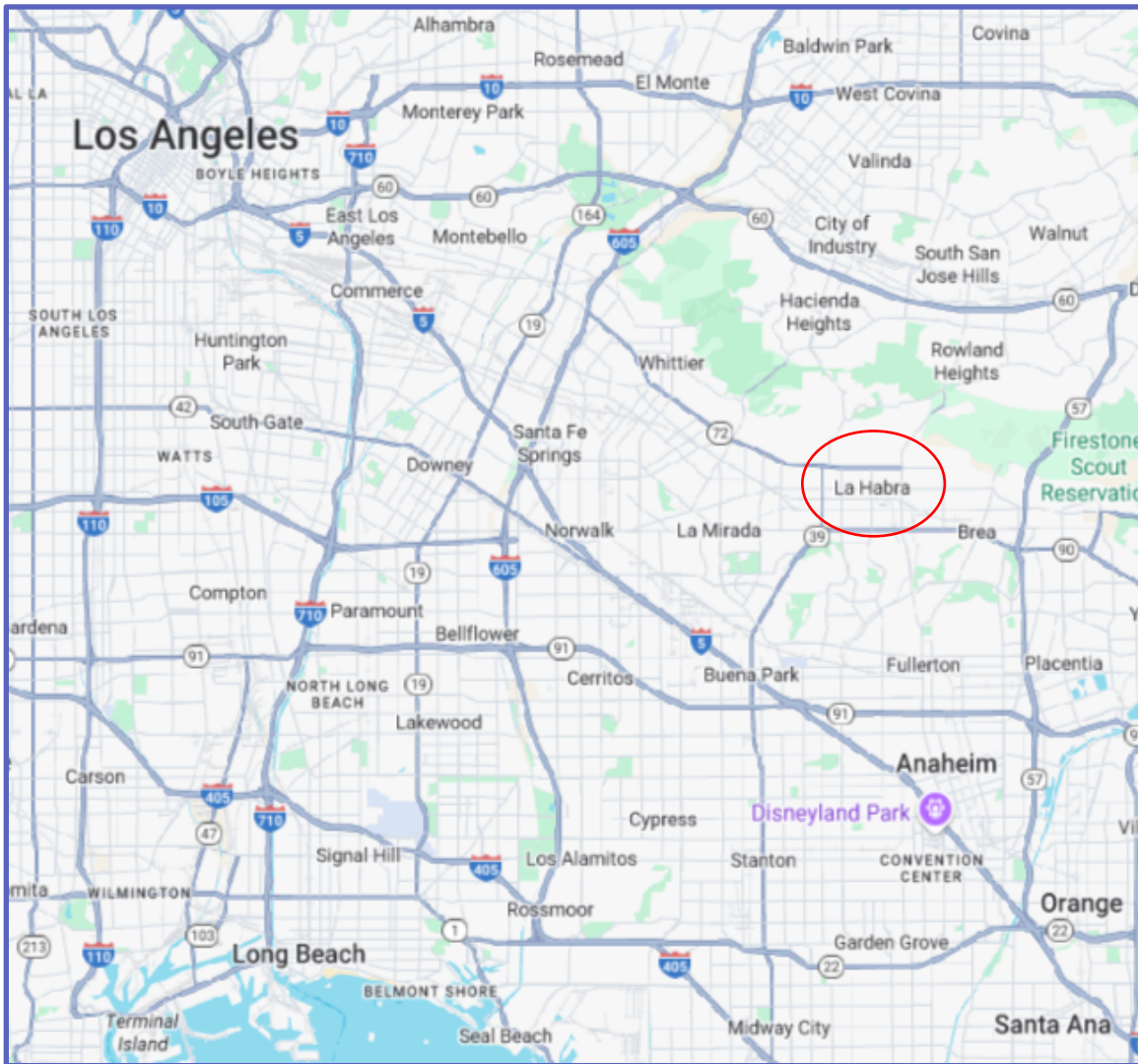
IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE 2025 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE 2025 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The City maintains a website. However, the information presented at such website is not part of this Official Statement, is not incorporated by reference herein, and should not be relied upon in making an investment decision with respect to the 2025 Bonds.

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LOCATION MAP



**LA HABRA UTILITY AUTHORITY
CITY OF LA HABRA, CALIFORNIA**

Administration Building
110 East La Habra Boulevard
La Habra, CA 90631
(562) 383-4000
<http://www.lahabracalifornia.gov/>

Governing Board of the Authority and the City Council

Rose Espinoza, *Chairperson / Mayor*
Jose Medrano, *Vice Chairperson / Mayor Pro Tem*
James Gomez, *Director / Councilmember*
Daren Nigsarian, *Director / Councilmember*
Delwin Lampkin, *Director / Councilmember*

Authority/City Officials

Jim Sadro, *Executive Director / City Manager*
Gabiella Yap, *Assistant Executive Director/Assistant City Manager*
Mel Shannon, *Finance Director*
Jack Ponvanit, *Deputy Director of Finance*
Rhonda J. Barone, CMC, *Secretary / City Clerk*
Keith Collins, *City Attorney*
Elias Saykali, *Director of Public Works*
Albert Mendoza, *Deputy Director of Public Works/City Engineer*
Brian Jones, *Utilities Manager*

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, CA

Bond and Disclosure Counsel

Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

Trustee/Escrow Bank

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

Verification Agent

Causey Demgen & Moore, P.C.
Denver, Colorado

OFFICIAL STATEMENT

\$ _____ *

LA HABRA UTILITY AUTHORITY
(Orange County, California)
Water Refunding Revenue Bonds, Series 2025

INTRODUCTION

The purpose of this Official Statement is to provide certain information concerning the issuance, sale and delivery by the La Habra Utility Authority, a joint exercise of powers entity organized and existing under the laws of the State of California (the “Authority”) of its La Habra Utility Authority Water Refunding Revenue Bonds, Series 2025, in the aggregate principal amount of \$ _____* (the “2025 Bonds”). Capitalized terms used, but not otherwise defined herein, shall have the meanings assigned thereto as set forth in APPENDIX C—SUMMARY OF THE INDENTURE – Certain Definitions.

In February 2007, the City of La Habra (the “City”) and the Authority entered into a Water Enterprise Lease Agreement, dated as of July 1, 2007, as amended by a First Amendment to Water Enterprise Lease Agreement, dated as of December 1, 2010 (collectively, the “Lease”), providing for the long-term lease of the City’s municipal water enterprise (the “Water Enterprise”) from the City to the Authority. In accordance with the Lease, as amended, the City has leased the Water Enterprise to the Authority for a period of years, which is in excess of the final maturity of the Bonds, in exchange for lease payments to be made by the Authority from “Surplus Revenues” as described herein. Pursuant to a management agreement between the Authority and the City, the City continues to operate and maintain the Water Enterprise on behalf of the Authority. See “THE WATER ENTERPRISE—Lease of the Water Enterprise.”

Outstanding obligations of the Authority include:

- (a) La Habra Utility Authority (Orange County, California) Water Revenue Bonds, Series 2013A, originally issued in the aggregate principal amount of \$20,210,000, of which \$14,500,000 is currently outstanding (the “2013 Bonds”),
- (b) La Habra Utility Authority Refunding Water Revenue Bonds, Series 2019A (Federally Taxable), originally issued in the aggregate principal amount of \$2,620,000, of which \$790,000 is currently outstanding (the “2019A Bonds”), and
- (c) La Habra Utility Authority Refunding Water Revenue Bonds, Series 2019B (Tax-Exempt), originally issued in the aggregate principal amount of \$11,175,000, all of which is currently outstanding (the “2019B Bonds” and, with the 2019A Bonds, the “2019 Bonds.”).

The 2025 Bonds are being issued for the purpose of refunding, on a current basis, the 2013 Bonds and to pay the costs in connection with the issuance and sale of the 2025 Bonds.

The 2013 Bonds were issued and are payable by the Authority in accordance with the Original Indenture as supplemented by the First Supplement and the Second Supplement. The 2025 Bonds will be

* Preliminary, subject to change.

issued pursuant to the Original Indenture as supplemented by the First Supplement, the Second Supplement, the Third Supplement and the Fourth Supplement.

The 2025 Bonds are special limited obligations of the Authority payable from the Net Revenues of the Water Enterprise and other assets pledged under the Indenture as described herein and will be payable on parity with the 2019 Bonds.

There is no Reserve Account established for the 2025 Bonds.

REFUNDING PLAN

The net proceeds of the 2025 Bonds will be deposited into an escrow fund (the “Escrow Fund”) established under an escrow agreement (the “Escrow Agreement”) by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “Escrow Bank”). Amounts in the Escrow Fund will be held in cash or invested in certain obligations of the United States of America. Any obligations will be scheduled to mature in such amounts and at such times and bear interest at such rates as to provide amounts, together with the cash held therein, sufficient to redeem the outstanding 2013 Bonds on _____, 2025 (the “Redemption Date”) at a redemption price equal to the principal amount thereof, together with accrued interest to such date, without premium (the “Redemption Price”).

Causey Demgen & Moore, P.C., certified public accounts (the “Verification Agent”), will verify as to the Escrow Fund that the cash and any obligations on deposit therein will be sufficient to pay the Redemption Price on the Redemption Date. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

The 2013 Bonds to be refunded are shown in the following table:

Issue Date	Maturity Date	Principal Amount Redeemed	Interest Rate	Redemption Price	CUSIP [†] Number
10/22/13	11/1/25	\$675,000	5.000%	100.000	503441 BC0
10/22/13	11/1/26	710,000	5.000	100.000	503441 BD8
10/22/13	11/1/27	745,000	5.000	100.000	503441 BE6
10/22/13	11/1/28	780,000	5.000	100.000	503441 BF3
10/22/13	11/1/29	815,000	4.000	100.000	503441 BG1
10/22/13	11/1/30	845,000	4.000	100.000	503441 BH9
10/22/13	11/1/31	890,000	4.125	100.000	503441 BJ5
10/22/13	11/1/32	925,000	4.250	100.000	503441 BK2
10/22/13	11/1/33	965,000	4.250	100.000	503441 BL0
10/22/13	11/1/38	3,140,000	5.000	100.000	503441 BM8
10/22/13	11/1/43	2,000,000	5.000	100.000	503441 BN6
10/22/13	11/1/43	2,010,000	4.625	100.000	503441 BP1

[†] Copyright 2025, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the Successor Agency and are included solely for the convenience of the registered owners of the 2013 Bonds. Neither the Authority nor the Underwriter is responsible for the selection or uses of these CUSIP numbers and no representation is made as to their correctness on the 2013 Bonds or as included herein.

The cash and any obligations on deposit held in the Escrow Fund will be pledged to the redemption of the 2013 Bonds and will not be available for the payment of the 2025 Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES	
Par Amount	
Plus: Original Issue Premium	
Total Sources	
USES	
Deposit to Escrow Fund	
Costs of Issuance ⁽¹⁾	
Total Uses	

(1) Includes Underwriter’s Discount, legal, municipal advisory, rating agency, printing fees and other miscellaneous costs of issuance.

THE 2025 BONDS

General Provisions

The 2025 Bonds will mature on November 1 in each of the designated years in the principal amounts set forth on the inside cover page hereof. Principal is payable on the dates set forth on the inside cover page. Interest on the 2025 Bonds is payable semiannually on each May 1 and November 1, commencing November 1, 2025, in lawful money of the United States of America, by check mailed by first-class mail on each interest payment date, to the Owner thereof as of the close of business on the fifteenth (15th) day of the calendar month immediately preceding such interest payment date.

The 2025 Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC,” together with any successor securities depository, the “Securities Depository”). DTC will act as Securities Depository for the 2025 Bonds so purchased. Individual purchases will be made in book-entry-only form. Purchasers will not receive a certificate representing their beneficial ownership interest in 2025 Bonds. So long as Cede & Co. is the registered owner of the 2025 Bonds, as nominee of DTC, references herein to the Bondholders, holders or registered owners shall mean Cede & Co. as aforesaid and shall not mean the “Beneficial Owners” of the 2025 Bonds. In this Official Statement, the term “Beneficial Owner” shall mean the person for whom a Participant (as defined herein) acquires an interest in the 2025 Bonds. See APPENDIX F—BOOK-ENTRY ONLY SYSTEM.

Interest on the 2025 Bonds shall be computed on the basis of a 360-day year of twelve 30-day months. The principal of and premium, if any, on the 2025 Bonds are payable when due upon presentation thereof at the Corporate Trust Office of the Trustee, in lawful money of the United States of America. So long as the 2025 Bonds are maintained in book-entry form, payments of principal, premium, if any, and interest shall be made by the Trustee to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC Participants for subsequent disbursement to the Beneficial Owners. See APPENDIX F—BOOK-ENTRY ONLY SYSTEM.

Redemption

Optional Redemption. The 2025 Bonds maturing on or after November 1, _____, are subject to redemption prior to the stated maturity thereof at the option of the Authority at any time and from time to time on or after November 1, _____, in whole or in part (if in part, the maturities or portions thereof to be redeemed to be selected by the Authority in its sole discretion), in each case at a redemption price equal to the principal amount of such 2025 Bonds or portions thereof to be redeemed plus accrued interest to the date of redemption. Upon the optional redemption of any 2025 Bonds in part, the Authority shall specify the maturities of the 2025 Bonds to be redeemed.

Mandatory Sinking Fund Redemption.

The 2025 Bonds maturing on November 1, _____ (the “_____ Term Bonds”) are also subject to mandatory redemption, in part at random, from Sinking Account payments set forth in the following schedule on November 1, _____, and on November 1 in each year thereafter to and including November 1, _____, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the _____ Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the _____ Term Bonds so redeemed by reducing each such future Sinking Account payment as shall be determined by the Authority and, in lieu of such determination, on a *pro rata* basis (as nearly as practicable given authorized denominations) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Authority with the Trustee.

Redemption Date (November 1)	Principal Amount
---------------------------------	---------------------

† Maturity.

The 2025 Bonds maturing on November 1, _____ (the “_____ Term Bonds”) are also subject to mandatory redemption, in part at random, from Sinking Account payments set forth in the following schedule on November 1, _____, and on November 1 in each year thereafter to and including November 1, _____, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the _____ Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the _____ Term Bonds so redeemed by reducing each such future Sinking Account payment as shall be determined by the Authority and, in lieu of such determination, on a *pro rata* basis (as nearly as practicable given authorized denominations) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Authority with the Trustee.

Redemption Date (November 1)	Principal Amount
---------------------------------	---------------------

† Maturity.

Selection of 2025 Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the 2025 Bonds of any maturity (and interest rate), the Trustee shall select the 2025 Bonds to be redeemed from all 2025 Bonds not previously called for redemption, in authorized denominations, by lot in any manner which the Trustee in its sole discretion shall deem appropriate. The Trustee shall promptly notify the Authority in writing of the 2025 Bonds so selected for redemption.

Notice of Redemption of 2025 Bonds. So long as DTC is acting as securities depository for the 2025 Bonds, notice of redemption, containing the information required by the Indenture, will be posted on EMMA and mailed by first class mail, postage prepaid, by the Trustee to DTC (not to the Beneficial Owners of any 2025 Bonds designated for redemption) not less than thirty (30) nor more than sixty (60) days prior to the redemption date. With respect to any notice of optional redemption of Bonds, such notice may state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of and premium, if any, and interest on such Bonds and that if such moneys shall not have been so received said notice shall be of no force and effect and the Trustee shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition, and such moneys are not so received, the redemption shall not be made, and the Trustee shall be within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Neither the failure to receive any notice nor any defect therein shall affect the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

Partial Redemption of 2025 Bonds. Upon surrender of any 2025 Bond redeemed in part only, the Authority shall execute, and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new 2025 Bond of authorized denominations, and of the same subseries, maturity and interest rate, equal in aggregate principal amount to the unredeemed portion of the 2025 Bond surrendered.

Effect of Redemption of 2025 Bonds. Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the 2025 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the 2025 Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice, together with interest accrued thereon to the date fixed for redemption, interest on the 2025 Bonds so called for redemption shall cease to accrue, said 2025 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Owners of said 2025 Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest.

DEBT SERVICE SCHEDULE

The following table sets forth the debt service requirements for the 2019 Bonds and the 2025 Bonds, assuming no optional redemptions prior to maturity:

Year Ending June 30	2019A Bonds	2019B Bonds	2025 Bonds	Total
2025	\$ 403,935	\$ 525,600		
2026	404,978	525,600		
2027	405,100	525,600		
2028	—	939,975		
2029	—	933,350		
2030	—	935,725		
2031	—	936,850		
2032	—	936,725		
2033	—	935,350		
2034	—	937,600		
2035	—	1,294,225		
2036	—	1,289,850		
2037	—	1,293,400		
2038	—	1,295,100		
2039	—	1,295,000		
2040	—	1,282,250		
2041	—	1,281,250		
2042	—	—		
2043	—	—		
2044	—	—		
Total	<u>\$1,214,013</u>	<u>\$17,163,450</u>		

SECURITY FOR THE BONDS

Revenues

As used herein, the term “Bonds” means all bonds issued under the Indenture.

The Bonds are special, limited obligations of the Authority payable from and secured by a pledge of the Net Revenues, which are generally derived by the Authority from the operation of the Water Enterprise. The Bonds will be payable as to principal and interest, and any premium upon redemption thereof, exclusively from Net Revenues and from the other funds pledged under the Indenture. All Net Revenues are pledged under the Indenture to secure the payment of the principal of and redemption premium, if any, and interest on the Bonds and any Parity Obligations in accordance with their terms, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. Such pledge shall constitute a first lien on the Net Revenues and amounts in such funds and shall be valid and binding from and after delivery by the Trustee of the Bonds or Parity Obligations, without any physical delivery thereof or further act. The 2025 Bonds will be payable from Net Revenues on parity with the 2019 Bonds.

As defined in the Indenture, the term “Net Revenues” means, for any period, an amount equal to all of the Gross Revenues received during such period minus the amount required to pay all Operation and Maintenance Costs becoming payable during such period. The term “Gross Revenues” means all gross

charges received for, and other gross income and receipts derived by the Authority from, the lease and operation of the Water Enterprise or otherwise arising from the Water Enterprise, including but not limited to investment earnings thereon; but excluding (a) connection charges, (b) the proceeds of any *ad valorem* property taxes levied for the purpose of paying general obligation bonds of the City relating to the Water Enterprise, and (c) the proceeds of any special assessments or special taxes levied upon real property within any improvement district served by the City levied for the purpose of paying special assessment bonds or special tax obligations of the City relating to the Water Enterprise. As defined in the Indenture, the term “Operation and Maintenance Costs” means the reasonable and necessary costs and expenses paid by the Authority (including amounts paid to the City for such purpose pursuant to the Management Agreement) for maintaining and operating the Water Enterprise, including but not limited to (a) costs of acquisition of water to be supplied by the Water Enterprise, (b) costs of electricity and other forms of energy supplied to the Water Enterprise, (c) the reasonable expenses of management and repair and other costs and expenses necessary to maintain and preserve the Water Enterprise in good repair and working order, and (d) the reasonable administrative costs of the City attributable to the operation and maintenance of the Water Enterprise; but in all cases excluding (i) debt service payable on obligations incurred by the City or the Authority with respect to the Water Enterprise including, but not limited to, Parity Obligations, (ii) depreciation, replacement and obsolescence charges or reserves therefor, (iii) amortization of intangibles or other bookkeeping entries of a similar nature and (iv) Lease Payments (as defined in the Lease) paid to the City pursuant to the Lease, as amended. The term “Parity Debt” means any indebtedness, installment sale obligation, lease obligation or other obligation of the Authority for borrowed money having an equal lien and charge upon the Net Revenues, therefore payable on a parity with the Bonds (whether or not any Bonds are Outstanding). The term “Parity Obligations” means, collectively, Bonds and any Parity Debt.

As provided in the Indenture, out of Net Revenues, there shall be applied as hereinafter set forth all sums required for the payment of the principal of (including any premium thereon) and interest on the Bonds and all Parity Obligations, together with any reserve fund requirements with respect thereto. All remaining Net Revenues, after making the foregoing allocation, shall be available to the Authority for all lawful Authority purposes. The pledge of Net Revenues under the Indenture shall be irrevocable until all of the Bonds and all Parity Obligations are no longer outstanding.

(1) All of the Gross Revenues shall be deposited by the Authority (or by the City) immediately upon receipt into the Water Fund. The Authority covenants and agrees that all Net Revenues will be held by the Authority in the Water Fund in trust for the benefit of the Owners, and for the benefit of the owners of any Parity Obligations. On or before each interest payment date or principal or mandatory sinking account payment date for the Bonds or any Parity Obligation, the Authority (or the City on behalf of the Authority) shall withdraw from the Water Fund and transfer to the Trustee, for deposit as set forth below, an amount which, together with the balance then on deposit in such funds, is equal to the aggregate amount of the interest, principal and Sinking Account payments on the Bonds coming due and payable on such date.

(2) In addition, the Authority shall withdraw from the Water Fund such amounts at such times as shall be required to: (i) pay all Operation and Maintenance Costs as they come due and payable; (ii) pay the principal of and interest on any Parity Obligations and otherwise comply with the provisions of the instruments authorizing the issuance of any Parity Obligations; (iii) pay to the Trustee the amount of any deficiency in the Reserve Fund, the notice of which deficiency shall have been given by the Trustee to the Authority pursuant to the Indenture; and (iv) pay all other amounts when and as due and payable under the Indenture. Withdrawals as described in (iii) and (iv) shall be made only if the Authority has determined that following such withdrawal sufficient

amounts will remain in the Water Fund sufficient to pay all Operation and Maintenance Costs and all principal of and interest payable on Parity Obligations in such Fiscal Year.

The Trustee shall deposit amounts received from the Authority as provided in paragraphs (1) and (2) above to the Interest Fund, the Principal Fund (and any Sinking Accounts therein) and the Reserve Fund (and any Reserve Account therein) (each of which the Trustee shall establish, maintain, and hold in trust for the benefit of the Owners of the Bonds), as follows:

Interest Fund. The Trustee shall first, from amounts deposited by the Authority pursuant to paragraph (1) above, first set aside in the Interest Fund an amount equal to the interest becoming due and payable on the Outstanding Bonds (excluding interest for which there are moneys on deposit in the Interest Fund from the proceeds of any Series of Bonds or other source to pay such interest).

Principal Fund; Sinking Accounts. The Trustee shall, from amounts deposited by the Authority pursuant to paragraph (1) above, second, set aside in the Principal Fund an amount equal to (a) the amount of principal becoming due and payable on the Outstanding Serial Bonds, plus (b) the mandatory sinking fund payments to be paid into the respective Sinking Accounts for the Term Bonds; provided that if the Authority certifies to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from excess amounts on deposit in a Reserve Account or other bond reserve fund upon such payment, no amounts need be set aside towards such principal to be so refunded or paid. All of the aforesaid mandatory sinking fund payments shall be made without priority of any payment into any one such Sinking Account over any other such payment.

Reserve Fund. Upon the occurrence of any deficiency in any Reserve Account for a Series established pursuant under the Indenture, Trustee shall set aside, from amounts deposited by the Authority as described above, in such Reserve Account an amount equal to the aggregate amount of each unreplenished prior withdrawal from such Reserve Account until there is on deposit in such Reserve Account an amount equal to the Reserve Requirement for the applicable Series and shall pay to the provider of any Qualified Reserve Fund Credit Instrument any amount arising from a draw on a Qualified Reserve Fund Credit Instrument. *There is no Reserve Account established or to be established for the 2025 Bonds and no Reserve Requirement applicable to 2025 Bonds.*

In accordance with the Indenture, following the transfers described in paragraphs (1) and (2) above with respect to the November 1 interest payment date, Net Revenues in excess of amounts required for the payment of Bonds and any Parity Debt and for the replenishment of the Reserve Fund or the reimbursement of any draw on a Qualified Reserve Fund Credit Instrument in that Fiscal Year shall be released from the lien of the Indenture and shall be available for any lawful purpose of the Authority, including to acquire or construct capital improvements.

Special Obligation of the Authority; Obligations Absolute

The Bonds are special, limited obligations of the Authority. The Bonds shall not be deemed to constitute a debt or liability of the Authority, the City, the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory provision, or a pledge of the faith and credit of the Authority, the City, the State of California or of any political subdivision thereof, but shall be payable, except to the extent of certain amounts held under the Indenture and pledged therefor, solely from Net Revenues. Neither the faith and credit nor the taxing power of the City, the State of California or of any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or the interest on the Bonds. The issuance of the Bonds shall not directly or indirectly or contingently obligate the City,

the State of California or any political subdivision thereof to levy or to pledge any form of taxation whatsoever therefor or to make any appropriation for their payment. The Authority has no taxing power.

Nothing in any other provision of the Indenture or in the Bonds contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal or Redemption Price of and interest on the Bonds to the respective Owners of the Bonds at their respective due dates therefor or upon call for redemption, as provided in the Indenture, but only out of the Net Revenues and other assets pledged therefor under the Indenture, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Rate Covenant

The Authority will covenant and agree under the Indenture that it shall prescribe, revise and collect such charges for the services and facilities of the Water Enterprise which, after allowances for contingencies and error in the estimates, shall produce Gross Revenues sufficient in each Fiscal Year to provide Net Revenues equal to at least 1.25 times (i) the Debt Service coming due and payable during such Fiscal Year, (ii) all payments required with respect to Parity Debt, and (iii) amounts required to replenish the Reserve Fund or to reimburse a draw on a Qualified Reserve Fund Credit Instrument.

If, in any Fiscal Year, charges for the services and facilities of the Water Enterprise which, after allowances for contingencies and error in the estimates, shall produce Gross Revenues insufficient in each Fiscal Year to provide Net Revenues equal to at least 1.25 times (i) the Debt Service coming due and payable during such Fiscal Year, and (ii) all payments required with respect to Parity Debt, and (iii) amounts required to replenish the Reserve Fund or to reimburse a draw on a Qualified Reserve Fund Credit Instrument, the Authority will covenant and agree under the Indenture to notify the Trustee of such fact and to employ an independent consultant to make recommendations as to a revision of the rates, fees and charges of the Water Enterprise or the methods of operation of the Water Enterprise that will result in producing Net Revenues equal to at least 1.25 times (i) the Debt Service coming due and payable during such Fiscal Year, (ii) all payments required with respect to Parity Debt, and (iii) amounts required for replenishment of the Reserve Fund.

The Authority will covenant and agree under the Indenture that it shall, promptly upon its receipt of such recommendations from such consultant, subject to applicable requirements or restrictions imposed by law, and subject to a good faith determination of the Board of Directors that such recommendations, in whole or in part, are in the best interests of the Authority, revise its rates, fees and charges or its methods of operation or collections and shall take such other action as shall be in conformity with such recommendations. In the event that the Authority fails to comply with such recommendations, subject to the applicable requirements or restrictions imposed by law and to the determination of the Board of Directors that such recommendations are in the best interests of the Authority, the Trustee may, in addition to the rights and remedies elsewhere set forth in the Indenture, and shall, upon the written request of the Owners of a majority in principal amount of the Bonds then Outstanding, and being indemnified to its satisfaction therefor, institute and prosecute an action or proceeding in a court of competent jurisdiction to compel the Authority to comply with the recommendations and requirements of this paragraph. If the Authority complies in all material respects with the reasonable recommendations of the consultant in respect to said rates, fees, charges and methods of operation or collection, the Authority will be deemed to have complied with the covenants described above notwithstanding that Net Revenues shall be less than the amount required under the Indenture for such Fiscal Year; provided, however, that such rates, fees, charges and methods of operation or collection shall produce Net Revenues equal to at least 100% of (i) the Debt Service coming due and payable during such Fiscal Year, (ii) all payments required with respect to

Parity Debt, and (iii) amounts required to replenish the Reserve Fund or to reimburse a draw on a Qualified Reserve Fund Credit Instrument; provided further, that this sentence shall not be construed as in any way excusing the Authority from taking any other action or performing any duty required under the Indenture, or be construed as constituting a waiver of any other Event of Default.

Limitations on Future Obligations Secured by Net Revenues

No Obligations Superior to Payments on the Bonds and any Parity Debt. The Authority will covenant and agree that that no additional bonds, notes or other indebtedness shall be issued or incurred having any priority in payment of principal or interest out of the Net Revenues over the Bonds.

Additional Parity Bonds. The Authority may by Supplemental Indenture establish one or more Series of Bonds payable from Net Revenues and secured by the pledge made under the Indenture equally and ratably with Bonds previously issued, and the Authority may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Bonds of any Series so established, in such principal amount as shall be determined by the Authority, but only, with respect to each Series of Bonds, upon compliance by the Authority with the provisions of the Indenture and any additional requirements set forth in said Supplemental Indenture and provided that, among other conditions precedent to the issuance of any such additional Series of Bonds, Net Revenues, calculated on sound accounting principles, as shown by the books of the Authority for the latest Fiscal Year or any more recent twelve (12) month period selected by the Authority ending not more than sixty (60) days prior to the adoption of the resolution pursuant to which such Bonds are issued shown by the books of the Authority, plus, at the option of the Authority, the additional allowance described below, shall have amounted to at least 1.25 times Maximum Annual Debt Service on all Parity Debt outstanding immediately subsequent to the incurring of such additional obligations.

Either or both of the following items may be added to such Net Revenues for the purpose of applying the restriction contained above:

(A) An allowance for revenues from any additions to or improvements or extensions of the Water Enterprise to be constructed with the proceeds of such additional obligations, and also for Net Revenues from any such additions, improvements or extensions which have been from moneys from any source but which, during all or any part of such Fiscal Year, were not in service, all in an amount equal to the estimated amount by which Net Revenues would have increased had the additions, improvements or extensions been in service, all as shown by the certificate or opinion of a qualified independent consultant employed by the Authority, may be added to such Net Revenues for the purpose of applying the restriction described above.

(B) An allowance for earnings arising from any increase in the charges made for service from the Water Enterprise which has become effective prior to the incurring of such additional obligations but which, during all or any part of such Fiscal Year, was not in effect, in an amount equal to 100% of the amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year and any period prior to the incurring of such additional obligations, as shown by the certificate or opinion of a qualified independent engineer employed by the Authority or the City.

Variable rate indebtedness shall be assumed to bear interest at the highest of: (i) the actual rate on the date of calculation, or if the indebtedness is not yet outstanding, the initial rate (if established and

binding), (ii) if the indebtedness has been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) (A) if interest on the indebtedness is excludable from gross income under the applicable provisions of the Code, the most recently published Bond Buyer “Revenue Bond Index” (or comparable index if no longer published) plus 50 basis points, or (B) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities plus 50 basis points; provided, however, that for purposes of any rate covenant measuring actual debt service coverage during a test period, variable rate indebtedness shall be deemed to bear interest at the actual rate per annum applicable during the test period.

Issuance of Refunding Bonds or Refunding Parity Debt. The Authority may issue Bonds or new Parity Debt at any time to refund any outstanding Bonds or Parity Debt without compliance with the coverage test described above; provided, however, that the Maximum Annual Debt Service following the issuance of such refunding Bonds or Parity Debt and the application of the proceeds thereof shall not exceed the Maximum Annual Debt Service immediately prior to such issuance.

In addition, the Authority will not, so long as any of the Bonds are Outstanding, issue or incur any obligations or securities, howsoever denominated, payable in whole or in part from Net Revenues, except (a) Additional Bonds and Refunding Bonds authorized under the Indenture as summarized above, (b) Parity Debt payable on a parity with the Bonds and which will have, when issued, an equal lien and charge upon the Net Revenues, provided that the following conditions to the issuance of such Parity Debt are satisfied: (1) unless such Parity Debt is for the refunding purposes as provided in the Indenture, the Authority shall have obtained and placed on file with the Trustee a Certificate of the Authority that (on the basis of calculations as of the date of delivery of such Parity Debt) the requirements with respect to Additional Bonds have been met with respect to such Parity Debt; and (2) the Authority shall have filed with the Trustee an Opinion of Bond Counsel to the effect that such Parity Debt has been duly authorized in accordance with law and constitutes a valid and binding obligation of the Authority payable from Net Revenues on a parity with the Bonds; and (c) Subordinate Obligations.

No Reserve Account

There is no Reserve Account established for the 2025 Bonds.

THE WATER ENTERPRISE

Certain portions of the information set forth under this caption has been obtained from publicly available sources other than the Authority and the City, which the Authority, the City and the Underwriter believe to be reliable, including, without limitation, the Municipal Water District of Orange County (“MWDOC”), California Domestic Water Company (“CDWC”) and The Metropolitan Water District of Southern California (“Metropolitan”). As described herein, historically approximately 90% of annual water deliveries was obtained from imported water supplied to the Water Enterprise; however, recent system expansions have reduced this to approximately 78.8%. Accordingly, certain portions of the information set forth under this caption has been included because it provides additional detail with respect to such sources of supply that may be considered relevant to an informed evaluation and analysis of the 2025 Bonds and the Water Enterprise. However, such information is not guaranteed by the City, the Authority or the Underwriter as to its accuracy or completeness and no representation is made as to the absence of material adverse changes in such information subsequent to the date hereof. None of MWDOC, CDWC or Metropolitan has participated in the preparation of this Official Statement. None is obligated in any way to the owners or Beneficial Owners of any 2025 Bonds and none have pledged any of their moneys, funds or assets toward the payment of any amount due in connection with the 2025 Bonds.

Lease of the Water Enterprise

Pursuant to the Lease, the Authority leased the Water Enterprise from the City and the City leased the Water Enterprise to the Authority for a term commencing on July 1, 2007 and ending on June 30, 2062. Pursuant to the Lease, the Authority is obligated to pay to the City annual Lease Payments equal to \$707,000 per fiscal year increased annually (but not decreased) by the Consumer Price Index to the Los Angeles/Riverside/Orange County Metropolitan Statistical Area, as reported by the Federal Bureau of Labor Statistics. The Lease allows the City and Authority to modify the annual Lease Payment as necessary. The Lease Payment for the fiscal year ended June 30, 2024, was \$1,613,768 and for the fiscal year ended June 30, 2025 is budgeted at \$1,513,948. The Authority’s obligation to make the Lease Payments is secured by a pledge of, and are payable solely from, Surplus Revenues, defined in the Lease as “an amount equal to all of the Net Revenues minus (i) the amount required to be paid under the Indenture during such period, (ii) the amount required to pay debt service on the Bonds or any other obligations incurred by the Authority with respect to the Water Enterprise becoming payable during such period, and (iii) amounts set aside for capital replacements and improvements.”

As described herein, the Bonds are special, limited obligations of the Authority payable from and secured by a pledge of the Net Revenues, which are generally derived by the Authority from the operation of the Water Enterprise. Under the Lease, the City agreed that if for any reason, by termination of the Lease or otherwise, the City shall regain possession, operation and control of the Water Enterprise, the City will assume all of the obligations of the Authority under the Indenture and will pay from the Net Revenues of the Water Enterprise in accordance with their respective terms all of the debt service on the Bonds and any other obligations incurred by the Authority with respect to the Water Enterprise.

The Water Enterprise is managed and operated for the Authority by the City pursuant to a Water Enterprise Management Agreement, dated as of July 1, 2007 (the “Management Agreement”), between the Authority and the City. The Management Agreement had an initial term ending on June 30, 2017, but the City and the Authority expect that the City will continue to manage and operate the Water Enterprise for the full term of the Lease. The Authority has also leased the Wastewater Enterprise, which also continues to be managed and operated by the City. The Authority has no employees. See “THE AUTHORITY.”

History of the Water Enterprise

The history of the Water Enterprise's service area provides a basis for understanding present conditions, limitations on the water supply sources, and a background of present policies and practices. Data and conditions that exist throughout much of the Lower Santa Ana Basin are not applicable to the City and the Water Enterprise, which overlay a separate small non-adjudicated water basin known as the La Habra Basin.

Within the City, Coyote Creek and the La Mirada Channel were the only surface water sources that were available to the early settlers. Since these small streams were not large enough or dependable enough to provide irrigation water through dry periods or on a year-round basis, the early settlers attempted to save run-off water. However, due to limited rainfall this effort resulted in water used primarily for domestic and livestock use, rather than agriculture irrigation.

The first water wells within the City were hand dug, shallow, generally near the creek beds, and produced insufficient quantities of water to provide for agricultural irrigation. One settler constructed a 100,000-gallon reservoir, supplied by several small wells. Additionally, attempts to transport water from a spring in a neighboring area to supply water to the reservoir were unsuccessful. The largest early source of water supplied was a pit located on the Little Coyote Creek that supplied sufficient water for pumping water through a mile-long four-inch line to the aforementioned reservoir. This system, the first in the City, was sufficient to supply the owner's ranch and provide a small amount of water for sale to a few neighbors. Only a few wells of sufficient production quantity for irrigation purposes were developed within the City's service area.

In 1889, the East Whittier Land and Water Company was formed and financed the purchase of water bearing lands in the Basset area on the west side of the San Gabriel River and the construction of water transportation facilities from the well field to the East Whittier area (the western boundary of the historic La Habra Valley and water basin). Construction was completed in 1891 with a flow of 400 miner's inches (approximately 5,730 acre-feet per year ("AFY") or 1.86 billion gallons). In 1898 the well was deepened. The Basset area is within the Upper San Gabriel Water Basin, in what is now the eastern portion of the City of El Monte and the extreme western portion of the City of Industry.

The La Habra Water Company was incorporated in October 1902 for the purpose of constructing facilities for farmers living in the area now within the boundaries of the City. At the same time, CDWC was incorporated and simultaneously purchased the facilities of the East Whittier Land and Water Company. The La Habra Water Company originally owned 50% of the CDWC stock. The facilities to supply the La Habra Water Company were completed, and water flowed to the service area in August 1903. With the CDWC/La Habra Water Company facilities, the City became the first community in Orange County to import water from sources outside the County, a practice that continues to this day.

Water Enterprise operations are conducted as a public enterprise with revenue rates at a level sufficient to recover total expenses including depreciation, administration and required capital outlay. The City has had a past practice of establishing rates that are targeted to achieve an excess of revenues over operating expenses equal to 5.0%.

Management

The Water Enterprise is operated by a full-time equivalent of 26.23 individuals. The Water Enterprise is under the management of the City's Director of Public Works, Elias Saykali. The Utilities Manager, Brian Jones, is responsible for direct supervision over the operations of the Water Enterprise. The Public Works Director is a member of the City's Executive Management Team, while the Utilities Manager is considered to be a mid-management position.

The Water Enterprise is divided into three sections: (1) Operations, (2) Projects; and (3) Customer Service.

Employee Relations

The Water Enterprise has never experienced a labor action, slow down or work stoppage. The La Habra Municipal Employees Association (Field/Maintenance Services Employees) represents non-management employees as a collective bargaining unit. The Director of Public Works and the Utilities Manager are not represented by this or any other collective bargaining group.

Service Area

The Water Enterprise serves a population of approximately 65,000 people through approximately 140 miles of pipelines within City boundaries. The City serves potable water to a 7.3 square mile area within the City limits.

Water Supply

Introduction. The Water Enterprise receives its water from three main sources, 1) local well water from the La Habra Basin, 2) well water from the Main San Gabriel Basin provided by the CDWC, and 3) imported water from MWDOC. MWDOC is Orange County's wholesale water supplier and is a member agency of the Metropolitan.

Water Enterprise staff actively pursues the lowest cost sources of high-quality water for Water Enterprise customers. The Water Enterprise's local water production from three Water Enterprise-owned wells currently supply approximately 21% of the Water Enterprise's annual demand. Locally produced water from Water Enterprise wells is the lowest cost water; however, due to the limited capacity of the local aquifer, the Water Enterprise supplements the locally supplied water with water purchased from CDWC and the MWDOC. CDWC is the second least expensive source of water and currently provides approximately 78% of the Water Enterprise's water needs from wells situated throughout the San Gabriel Valley. MWDOC is the most expensive source of water and provides the Authority with the remaining 1% of its water needs from the Colorado River and California Aqueduct.

The following tables show the Water Enterprise's historic sources of water supply for the current year and the prior four years followed by the Water Enterprise's projected sources of water supply for the next five years.

TABLE 1
LA HABRA UTILITY AUTHORITY
HISTORICAL SOURCES OF WATER SUPPLY
For the Years Ended June 30,
(acre feet)

	2024	2023	2022	2021	2020
CDWC	5,638	5,819	5,864	6,520	5,831
MWDOC	47	222	564	562	101
Groundwater	1,528	1,475	2,195	1,933	2,659
Total	<u>7,213</u>	<u>7,516</u>	<u>8,624</u>	<u>9,015</u>	<u>8,591</u>

Source: City of La Habra Public Works Department.

TABLE 2
LA HABRA UTILITY AUTHORITY
PROJECTED SOURCES OF WATER SUPPLY
For the Years Ending June 30,
(acre feet)

	2025	2026	2027	2028	2029
CDWC	5,900	5,900	5,900	5,900	5,900
MWDOC	450	450	450	450	450
Groundwater	1,600	1,600	1600	1,600	1,600
Total	<u>7,950</u>	<u>7,950</u>	<u>7,950</u>	<u>7,950</u>	<u>7,950</u>

Source: City of La Habra Public Works Department.

Local Groundwater. Local groundwater is pumped from three production Water Enterprise owned and operated wells within the La Habra Basin, the Idaho Street Well, the La Bonita Well, and the Portola Well. The Idaho Street Well has a capacity of 4.45 cubic feet per sec (“cfs”) but is regulated at 2.78 cfs. Water pumped from the Idaho Street Well requires treatment before entering into the distribution system. Treatment of this raw groundwater consists of chlorination, air-stripping to remove ammonia and hydrogen sulfide, and addition of sodium hexametaphosphate to sequester iron and manganese. The capacity of La Bonita Well and Portola Well is 1.45 cfs and 2.67 cfs, respectively. Water from both these wells is chlorinated and blended with water purchased from the CDWC in a 250,000-gallon forebay to reduce the concentration of minerals prior to entering into the City’s distribution system.

From a structural geology standpoint, the La Habra Basin area is dominated by the northwest trending La Habra Syncline (a U-shaped down-fold) which is bounded on the north by the Puente Hills and on the south by the Coyote Hills. The fold is a naturally occurring trough, or valley, where significant quantities of groundwater have accumulated over the past 150,000 years. The Basin consists of three water-bearing zones: 1) the Alluvium, 2) the La Habra Formation (including the Coyote Hills Formation), and 3) the San Pedro Formation.

The Alluvium is comprised of young and old alluvium. The deposits are found along the surface stream courses and is composed of unconsolidated silt, clay, sand, and gravel. Alluvium thickness ranges from a few feet to over 100 feet. Generally, the La Habra Formation lies below the Alluvium, consisting of the La Habra and Coyote Hills Formations. However, in the Coyote Hill and Puente Hills, the Alluvium is uplifted and exposed. The La Habra Formation consists of non-marine mudstone, siltstone, sandstone, and

conglomerate. It ranges in thickness from 300 to nearly 1,200 feet. Water levels of wells in the La Habra Formation have been measured between 100 and 200 feet below ground surface across the Basin.

Underneath the La Habra Formation lies the San Pedro Formation. As the deepest water bearing unit, the San Pedro Formation is comprised of sand, gravel, sandstone, conglomerate, and shale. The San Pedro Formation ranges between 200 and 400 feet in thickness and produces the best quality groundwater of all the water bearing zones. Pressure levels of confined groundwater in wells of the San Pedro aquifer zone range from about 100 to 200 feet below ground surface.

The following description of CDWC, MWDOC and Metropolitan are based on publicly available materials published by CDWC, MWDOC and Metropolitan. None of the Authority, City or the Underwriter has independently verified this information and makes no representation as to the accuracy or completeness thereof. Neither CDWC, MWDOC nor Metropolitan has reviewed the descriptions contained in this Official Statement.

CDWC. The Water Enterprise obtains imported groundwater supply from CDWC, a mutual water company. The CDWC provides groundwater from the Main San Gabriel Basin to each of its member agencies who own and/or lease stock in the company. The Water Enterprise has 6 interconnections with CDWC. Most of the interconnections are regulated with flow-control valves, allowing the flow to be adjusted in order to meet changing demands. CDWC supplies the City with water using two different hydraulic grade systems, Lift 1 and Lift 2. Lift 1 delivers water at a hydraulic grade higher than 625 feet mean sea level (“MSL”), and Lift 2 delivers water at a higher hydraulic grade of 625 feet MSL. Water from Lift 2 is fed directly into higher pressure zones located in the northern part of the City. The CDWC completed construction of a new Lift 1 transmission main that provides the City with the ability to take additional Lift 1 water, which has a lower cost than Lift 2 or Metropolitan water. However, the water must be pumped into the City’s distribution system first as the hydraulic grade line of the transmission main is lower than required to provide adequate service to the City’s pressure zones. Imported water from CDWC makes up approximately 78% of the Water Enterprise’s water supply.

Each CDWC member agency receives a prescribed entitlement to water based upon the number of shares owned and the safe yield of the Main San Gabriel Basin. The member agency entitlement criterion per share varies year by year, based on CDWC’s allotted percentage and the Basin Operating Safe Yield of the Main San Gabriel Basin. The City procures three categories of CDWC water, entitlement to water rights, lease shares, and contract lease share with the amounts of each category varying every year based on availability. The Basin Operating Safe Yield is determined annually by the Main San Gabriel Basin Watermaster, the agency created by the Main San Gabriel Judgment to manage the Main San Gabriel Basin. Historically, this has been about 1.38 to 1.85 acre-feet per share. The voluntary adjudication of the Main San Gabriel Water Basin provided CDWC 5.60% of the basin’s safe yield.

CDWC’s Articles of Incorporation authorize the issuance of up to 10,000 shares of common stock (of which 8,313.75 shares have been issued and are outstanding as of January 10, 2025), and up to 10,000 shares of Class A preferred stock (of which 1,624.45 have been issued and are outstanding as of January 10, 2025). CDWC Class A preferred stocks do not provide its holders any voting rights, but each share of Class A preferred stock entitles its holder to one-acre-foot of water per year (subject to adjustment pursuant to the Operating Safe Yield established by the Watermaster or any other court order governing the applicable groundwater aquifer, as provided in the CDWC’s corporate documents). In contrast, the annual entitlement for each share of CDWC common stock varies based on CDWC’s total entitlement for that year and the number of shares then outstanding.

CDWC has three major shareholders: the City, the City of Brea and Suburban Water Systems (an investor-owned utility company). CDWC’s Board of Directors consists of six members, serving staggered two-year terms, each having been elected by the CDWC shareholders at an annual shareholders’ meeting. The current CDWC Board of Directors include two members nominated by the City, two members by the City of Brea and two members by Suburban Water Systems.

The Water Enterprise owns 912.85 shares of Class A Preferred stock of CDWC. These Class A shares are in addition to common shares of CDWC stock the Authority owns. The Water Enterprise also owns 2,581.25 CDWC common shares, with each share providing between 1.38 acre feet to 1.85 acre feet of water per year depending on the basin’s safe yield in that year. CDWC’s stock ownership as of January 10, 2025 is shown in the following table.

TABLE 3
LA HABRA UTILITY AUTHORITY
CDWC STOCK OWNERSHIP
As of January 10, 2025

Shareholder	Common Shares		Class A Preferred Shares	
	Number of Shares	% of Total Shares	Number of Shares	% of Total Shares
Suburban Water	2,853.25	34.32%	23.75	1.46%
City of La Habra	2,581.25	31.05	912.85	56.20
City of Brea	2,320.50	27.91	687.85	42.34
FC & MK Tomlinson LLC	180	2.17	—	—
Others	378.75	4.56	—	—
Total	<u>8,313.75</u>	<u>100.00</u>	<u>1,624.45</u>	<u>100.00</u>

Source: City of La Habra Public Works Department.

The Main San Gabriel Basin lies in eastern Los Angeles County and occupies most of San Gabriel Valley. The hydrologic basin or watershed coincides with a portion of the upper San Gabriel River watershed, and the aquifer or groundwater basin underlies most of the San Gabriel Valley. It is bounded on the north by the San Gabriel Mountains, on the northwest by Raymond Basin, on the southeast by Puente Basin, and on the south by Central Basin. The Main San Gabriel Basin encompasses approximately 107,000 acres and has a storage of 8.9 MAF when the groundwater elevation at the Baldwin Park Key Well is 316 feet. Generally speaking, one foot of groundwater elevation is equivalent to approximately 8,000 AF of storage.

The hydrogeological San Gabriel Basin is divided between three sub-basins, Main Basin, Puente Basin, and portions of Six Basins area. A portion of Six Basins area is tributary to the Main Basin. Each of the sub-basins are adjudicated and managed separately.

Major sources of recharge to the Main San Gabriel Basin are infiltration of rainfall on the valley floor and runoff from the nearby mountains. The Main San Gabriel Basin is the first of a series of basins to receive the water from mountain runoff. The Main San Gabriel Basin interacts hydrogeologically and institutionally with adjoining basins, including Puente Basin, Central Basin, and West Coast Basin.

Metropolitan Water District of Southern California. MWDOC is a member agency of The Metropolitan Water District of Southern California. There are 26 member public agencies of Metropolitan,

consisting of 14 cities, 11 municipal water districts, and MWDOC. Metropolitan's service area comprises approximately 5,200 square miles and includes all or portions of the counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura. Metropolitan furnishes Imported water from Metropolitan makes up approximately 1% of the Water Enterprise's water supply.

The Colorado River was Metropolitan's original source of water after Metropolitan's establishment in 1928. The Colorado River Aqueduct ("CRA"), which is owned and operated by Metropolitan, transports water from the Colorado River to its terminus at Lake Mathews in Riverside County. The actual amount of water per year that may be conveyed through the CRA to Metropolitan's member agencies is subject to the availability of Colorado River water for delivery.

The CRA includes supplies from the implementation of the Quantification Settlement Agreement and related agreements to transfer water from agricultural agencies to urban uses. The 2003 Quantification Settlement Agreement enabled California to implement major Colorado River water conservation and transfer programs, stabilizing water supplies for 75 years and reducing the state's demand on the river to its 4.4 MAF entitlement. Colorado River transactions are potentially available to supply additional water up to the CRA capacity of 1.25 million acre-feet ("MAF") on an as-needed basis. Water from the Colorado River or its tributaries is available to users in California, Arizona, Colorado, Nevada, New Mexico, Utah, and Wyoming, as well as to Mexico. California is apportioned the use of 4.4 MAF of water from the Colorado River each year plus one-half of any surplus that may be available for use collectively in Arizona, California, and Nevada. In addition, California has historically been allowed to use Colorado River water apportioned to but not used by Arizona or Nevada. Metropolitan has a basic entitlement of 550,000 AFY of Colorado River water, plus surplus water up to an additional 662,000 AFY when certain conditions exist.

Unfortunately, Metropolitan has not received surplus water for a number of years. The Colorado River supply faces current and future imbalances between water supply and demand in the Colorado River Basin due to long term drought conditions. The long-term imbalance in future supply and demand is projected to be approximately 3.2 MAF by the year 2060.

Approximately 40 million people rely on the Colorado River and its tributaries for water with 5.5 million acres of land using Colorado River water for irrigation. Climate change will also affect future supply and demand as increasing temperatures may increase evapotranspiration from vegetation along with an increase in water loss due to evaporation in reservoirs, therefore reducing the available amount of supply from the Colorado River and exacerbating imbalances between increasing demands from rapid growth and decreasing supplies.

Metropolitan's other major source of water is the State Water Project (the "SWP"). The SWP is owned by the State and operated by the Department of Water Resources ("DWR"). The SWP transports Feather River water stored in and released from Oroville Dam and unregulated flows diverted directly from the Bay-Delta south via the California Aqueduct to four delivery points near the northern and eastern boundaries of Metropolitan. The total length of the California Aqueduct is 444 miles. Metropolitan is one of 29 agencies that have long-term contracts for water service from DWR (each a "State Water Contract") and it is the largest agency in terms of the number of people it serves (approximately 18 million), the share of the SWP water for which it is entitled, and the total amount of annual payments made to DWR. Metropolitan's contract with DWR provides for the delivery of 1,911,500 AF.

The SWP was originally intended to meet demands of 4.2 million AF per year. Initial SWP facilities were completed in the early 1970s, and it was envisioned that additional facilities would be constructed as

contractor demands increased. Several factors, including increased costs and increased non-SWP demands for limited water supplies, combined to delay the construction of additional facilities. The State Water Contract, under a 100% allocation, provides Metropolitan with 1,911,500 AF of water.

In general, allocations and deliveries from the SWP reflect recent dry years, low water storage in the State's major reservoirs, below-normal runoff and regulatory restrictions on water exports from the Bay-Delta to protect listed fish species. In recent years, Metropolitan has been able to rebuild its water storage levels after several years of withdrawals.

Emergency Interconnections. In addition to the sources of water described above, the Water Enterprise has six emergency interconnections with several nearby water agencies. Four of these emergency interconnections are for export only, one is for import only and one is a two-way connection. These emergency interconnections are with the City of Brea, City of Fullerton, Suburban Water Systems, and one to the CDWC system. The CDWC interconnection is metered and can only be used to export water to CDWC's system.

The Water System

The Water Enterprise has three storage reservoirs totaling 16.8 million gallons in capacity within City limits as well as three groundwater wells, five booster pumping stations, 57 pressure regulating stations and 140 miles of pipelines. The pressure regulating stations divide the distribution system into 21 different pressure zones. The City also has interconnections with MWDOC/Metropolitan, CDWC, and emergency interconnections with Suburban Water Systems, City of Fullerton, and City of Brea.

Transmission and Distribution Mains. The distribution and transmission pipelines range in size from 4-inch to 24-inch in diameter. The older pipelines are primarily made of asbestos cement and mortar lined cast-iron materials. Ductile iron and PVC pipelines make up the newer materials used in the Water Enterprise. The transmission pipelines, pipes 12-inch and larger, consist mainly of cement-mortar lined and coated steel pipe. The pipelines are in fair condition with an average age of approximately 55 years old, which is about 72% of their life cycle.

Storage Reservoirs. The Authority has three existing storage reservoirs within the City limits. The Sev Byerrum Reservoir is the largest with a capacity of approximately 9.3 million gallons. This reservoir is located at the south end of the City. With a high water level ("HWL") of 543 foot mean sea level ("MSL"), the Sev Byerrum Reservoir serves the Authority's main pressure zone, Zone 1, by gravity.

The Puente Hills Reservoir also serves Zone 1 by gravity with an HWL of 543 foot MSL, but this reservoir is located in the north end of the system. The capacity of this reservoir is approximately 5.0 million gallons.

The third reservoir, the Westridge Reservoir, is located in the La Habra Hills area in the southwesterly portion of the City. The capacity of this reservoir is approximately 2.5 million gallons, and the HWL is at 611 ft-MSL. The Risner Way Booster Pumping Station boosts water into the Westridge Reservoir and then the water serves Zone 20 and Zone 21 by gravity.

The combined capacity of the three storage reservoirs is about 16.8 million gallons. Two of the reservoirs are reinforced concrete structures (one is buried and the other partially buried), and one (Westridge) is a steel structure.

Groundwater Wells. The Authority currently operates three groundwater production wells (Idaho Street Well, La Bonita Park Well and Portola Park Well). All wells are equipped with a vertical turbine pump and electric motor. The design capacity of the Idaho Well is approximately 1,200 gallons per minute (“gpm”). The La Bonita Park Well and the Portola Park Well have design capacities of 800 gpm and 1,200 gpm, respectively.

Historical and Planned Capital Improvements

The capital improvements completed from fiscal year 2019-20 to fiscal year 2023-24 are shown in the following table.

TABLE 4
LA HABRA UTILITY AUTHORITY
HISTORICAL CAPITAL EXPENDITURES
Fiscal Years 2019-20 through 2023-24

Project Name	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Foothill Zone Consolidation	—	—	\$1,000,000	\$1,000,000	\$800,000	\$2,800,000
Park Irrigative Improvement	\$35,000	\$35,000	—	—	—	70,000
Turf Removal Program	100,000	100,000	50,000	50,000	50,000	350,000
Water Main Rehab	1,125,000	1,125,000	1,125,000	1,125,000	800,000	5,300,000
Water Meter Replacement	500,000	500,000	500,000	500,000	50,000	2,050,000
Water Valve Replacement	112,000	112,000	112,000	112,000	125,000	573,000
Total Cost	<u>\$1,872,000</u>	<u>\$1,872,000</u>	<u>\$2,787,000</u>	<u>\$2,787,000</u>	<u>\$1,825,000</u>	<u>\$11,143,000</u>
Water Main Breaks	35	14	30	38	30	147
Water Share Purchases	101	0	0	125	1	227

Source: City of La Habra Public Works Department.

The Authority expects to spend another \$9,670,350 in capital projects over the next five fiscal years which is expected to be funded on a pay-as-you go basis. The table below shows the next five years of planned capital improvements.

TABLE 5
LA HABRA UTILITY AUTHORITY
PROJECTED CAPITAL EXPENDITURES
Fiscal Years 2024-25 through 2028-29

Project Name	2024-25	2025-26	2026-27	2027-28	2028-29	Total
Water Valve Replacement	\$125,000	\$128,750	\$132,600	\$135,000	\$139,000	\$660,350
Water Main Replacement	800,000	824,000	848,000	873,000	900,000	4,245,000
Water Meter Replacement	50,000	52,000	54,000	56,000	58,000	270,000
Turf Removal Program	50,000	50,000	50,000	50,000	50,000	250,000
Foothill Zone Consolidation	800,000	824,000	848,000	873,000	900,000	4,245,000
Total Cost	<u>\$1,825,000</u>	<u>\$1,878,750</u>	<u>\$1,932,600</u>	<u>\$1,987,000</u>	<u>\$2,047,000</u>	<u>\$9,670,350</u>

Source: City of La Habra Public Works Department.

Water Rates

Water rates are set by the City Council and are not subject to review by any state or local government agency. In the past, rate changes have been enacted by the City Council based upon the recommendations of staff and/or a private water engineering consultant after following notice procedures required by State law.

There are two parts to the water service charges: a fixed service charge and a variable use charge. The fixed charge is based on the connection's meter size. The most common meter sizes for residential properties are 5/8" or 1". The variable use charge is determined by the amount of water served to the customer and is measured in hundred cubic feet ("CCF"). One CCF equals approximately 748 gallons. The City bills customers on a monthly basis.

On December 4, 2023, the City Council approved the most recent two-year revision to the then current water rate structure. The following tables outline the Water Enterprise's current rate structure:

TABLE 6
LA HABRA UTILITY AUTHORITY
FIXED SERVICE CHARGES

Meter Size	Monthly Meter Charge (Effective January 1, 2025)
5/8 inch	\$ 22.21
3/4 inch	31.10
1 inch	48.88
1-1/2 inches	93.31
2 inches	146.63
3 inches	271.040
4 inches	448.78
6 inches	893.11
8 inches	1,426.31

Source: City of La Habra Fee Schedule effective January 1, 2025.

**TABLE 7
LA HABRA UTILITY AUTHORITY
VARIABLE USE CHARGES**

Customer Type	Water Consumption Charge (per ccf) (Effective January 1, 2025)
Residential	
Tier 1 - 0-8 ccf	\$ 3.03
Tier 2 - 9-16 ccf	5.42
Tier 3 - 16+ ccf	7.98
Multi-family	4.14
Commercial	4.44
Municipal	5.01
Irrigation	6.05

Source: City of La Habra Fee Schedule effective January 1, 2025.

In addition to the charges described above, the Water Enterprise also provides fireline service to specific customers. Private fire service connections are typically associated with fire sprinkler systems. The Fireline service charge consists of a monthly fixed charge based on the connection's meter size and a variable use charge per CCF.

**TABLE 8
LA HABRA UTILITY AUTHORITY
FIRELINE FIXED SERVICE CHARGES**

Meter Size	Monthly Meter Charge (Effective January 1, 2025)
2 inches	\$ 9.78
3 inches	19.96
4 inches	37.49
6 inches	100.44
8 inches	209.01
10 inches	372.33

**TABLE 9
LA HABRA UTILITY AUTHORITY
FIRELINE VARIABLE SERVICE CHARGES**

Meter Size	Water Consumption Charge (per ccf) (Effective January 1, 2025)
2 inches	\$6.05

Source: City of La Habra Fee Schedule effective February 1, 2018.

The City Council adjusts water rates to ensure that Water Enterprise revenues are sufficient to cover the total expenses of providing water, including depreciation, administration, debt service coverage levels, and required capital outlay. The Authority expects that it will continue to have modest rate increases for the foreseeable future in order to continue adequate funding for the total expense of providing water, to adjust for inflation on the cost of materials, supplies and labor, and to maintain adequate reserves.

Comparative Water Service Rates. The following table compares the current monthly water service charge imposed by the City for a typical single-family residential unit (with a one-inch meter and 1,600 cubic feet usage per month) and those of certain communities in the surrounding area:

TABLE 10
LA HABRA UTILITY AUTHORITY
AVERAGE MONTHLY WATER SERVICE COMPARISON
(Based on a Single Family Residence, one inch meter and 1,600 cubic feet of usage)
As of July 1, 2024

Jurisdiction	Monthly Usage Charge
Laguna Beach	\$148.40
Placentia	\$136.76
Mesa Consolidated	\$136.17
Moulton Niguel Water District	\$128.06
El Toro Water District ⁽¹⁾	\$120.10
South Coast Water District	\$119.76
Yorba Linda	
San Clemente ⁽²⁾	\$109.17
La Habra	\$108.88
Newport Beach	\$108.55
Fullerton	\$99.92
Brea	\$79.45
Santa Margarita Water District	\$78.30

Source: City of La Habra, based on publicly available information published or posted by each listed entity as of July 1, 2024

(1) Based on indoor rates.

(2) Based on winter rates.

Billing Collection and Procedures. Generally, the City sends the bills to its customers for water service and usage once each month. All water bills are due and payable nineteen days after mailing. If a customer fails to pay the water bill in full when due, the bill is deemed delinquent and a delinquent service charge is added. The delinquent charge is currently 10% of the outstanding balance of the bill or \$10, whichever is greater. If a customer fails to pay the bill in full no later than 60 days following the date of delinquency, the City may, after complying with State law on discontinuance of utility service for non-payment, discontinue water service and not recommence providing water service to such a user until all previous water charges, delinquent service charges, customer deposit and disconnection/reconnection service charges are paid in full.

Water Users

There are 13,233 current customer active and inactive service connections in the City’s water distribution system with all existing connections metered. Approximately 77% of the City’s 2023-24 fiscal year water demand was residential; commercial, industrial, institutional and dedicated landscape, accounts for the remaining 23% of the total 2023-24 fiscal year demand.

Non-residential use includes commercial, industrial and institutional water demands. Institutional/governmental water use accounts for 2.4% of total 2023-24 fiscal year water demands, commercial and industrial accounts for 14% of total 2023-24 fiscal year water demand. The City has a mix of commercial users (markets, restaurants, etc.), public entities (schools, fire stations and government offices), office complexes, light industrial and warehouses. Dedicated landscape accounts for 6.4% of total 2023-24 fiscal year demand within the City.

The following table sets forth the number of water accounts per customer type and collection rates for the various types of Water Enterprise customers during the past five years.

TABLE 11
LA HABRA UTILITY AUTHORITY
WATER ACCOUNTS AND COLLECTION RATES
For the Fiscal Years Ended June 30,

Customer Type	2020	2021	2022	2023	2024
Residential	11,890	11,874	11,898	11,866	12,066
Commercial /Industrial	1,186	1,145	1,182	1,122	1,177
Total	<u>13,076</u>	<u>13,019</u>	<u>13,080</u>	<u>12,988</u>	<u>13,243</u>
Collection Rates	100%	100%	100%	100%	100%

Source: City of La Habra Public Works Department.

In fiscal year 2023-24, the ten largest water users accounted for 11.27% of total annual water sales revenues and 12.01% of total annual usage. The largest private user accounted for 2.47% of the total usage. The following are the top ten water users and their fiscal year 2023-24 usage and sales.

TABLE 12
LA HABRA UTILITY AUTHORITY
TEN LARGEST USERS OF WATER
12 MONTHS THROUGH JUNE 30, 2024

Customer	Description	Hundred Cubic Feet (100 ccf)	2024 Sales	% of Total Usage	% of Total Sales
1. Westridge Golf Inc	Commercial/Irrigation/Fire Line	76,542	\$ 443,034	2.46%	2.45%
2. City of La Habra	Municipal/Irrigation/Fire Line	67,750	401,091	2.18%	2.27%
3. Cal Domestic	Multifamily/Commercial/Residential	44,394	274,317	1.43%	1.55%
4. La Habra School Dist	Commercial/Irrigation	41,224	213,559	1.33%	1.21%
5. Heritage HOA	Multifamily	27,705	124,275	0.89%	0.70%
6. Brooklake	Multifamily	24,963	102,468	0.80%	0.58%
7. IMP Valentia LP	Multifamily/Fire Line	24,559	103,027	0.79%	0.58%
8. Tapestry Com Assn	Multifamily/Irrigation	22,911	118,342	0.74%	0.67%
9. Friendly Village FVL	Multifamily/Irrigation	21,064	102,536	0.68%	0.58%
10. Fullerton UHSD	Commercial/Irrigation	20,681	111,877	0.67%	0.63%
Total Ten Largest Users		371,793	\$1,984,526	11.93%	11.22%
Total All Other Users		2,737,518	\$15,694,872	88.40%	88.73%
Total Users		3,109,311	\$17,688,073	100.00%	100.00%

Source: City of La Habra Finance Department.

Factors Affecting Demand

Water demands within the City’s service area are dependent on many factors such as local climate conditions and the evolving hydrology of the region, demographics, land use characteristics, and economics. In addition to local factors, Southern California’s imported water sources are also experiencing drought conditions that impact availability of current and future water supplies. Certain major factors that will affect future water demands are described below.

Climate Characteristics. The City is located within the South Coast Air Basin (SCAB) that encompasses all of OC, and the urban areas of Los Angeles, San Bernardino, and Riverside counties. The SCAB climate is characterized by Southern California’s “Mediterranean” climate: a semi-arid environment with mild winters, warm summers and moderate rainfall.

Local rainfall has limited impacts on reducing demand for the City. Water that infiltrates into the soil may enter groundwater supplies depending on the local geography. However, due to the large extent of impervious cover in Southern California, rainfall runoff quickly flows to a system of concrete storm drains and channels that lead directly to the ocean.

Metropolitan’s water supplies come from the State Water Project (SWP) and the Colorado River Aqueduct (CRA), influenced by climate conditions in northern California and the Colorado River Basin,

respectively. Both regions have been suffering from multi-year drought conditions with record low precipitation which directly impact water supplies to Southern California.

Demographics. The City has a population of approximately 61,000. The City's has been growing modestly as housing is becoming denser and new residential units are multi-storied. New developments within the City are moving forward and the City will potentially take over service areas within the City previously held by Cal Domestic and Los Angeles County.

Land Use. Land use within the service area of the Water Enterprise is primarily residential with sections of commercial and industrial facilities. The City has taken a progressive approach to growth and rezoned several commercial areas to mixed use. The development of new residential units, some on previously commercial properties, is consistent with the City's dominantly residential land use trends.

For more information concerning demographic, construction and financial trends in the City, see APPENDIX A – GENERAL INFORMATION ABOUT THE CITY.

Financial Statements

The following table presents the Water Enterprise's Statement of Net Position prepared by the Authority for the five fiscal years ended June 30, 2024.

TABLE 13
LA HABRA UTILITY AUTHORITY
STATEMENT OF NET POSITION

	Fiscal Year Ending June 30,				
	2019-20	2020-21	2021-22	2022-23	2023-24
	Audited	Audited	Audited	Audited	Audited
ASSETS					
Current Assets:					
Cash and investments	\$8,064,384	\$11,383,072	\$12,993,999	\$13,301,590	\$14,885,447
Accounts receivable, net	2,223,798	2,513,627	2,624,400	2,197,712	2,206,529
Interest receivable	18,840	20,293	27,038	30,909	99,093
Prepaid items	—	—	483,040	219,098	111,454
Inventory	250,416	107,706	—	—	—
Total Current Assets	10,557,438	14,024,698	16,128,477	15,749,309	17,302,523
Noncurrent Assets:					
Cash and investments with fiscal agents	40,703	1,778	1,801	66,693	146,886
Advances to other funds	525,000	—	—	—	—
Water rights stock	17,713,917	17,713,917	17,713,917	19,620,167	19,636,347
Capital assets, not being depreciated	3,616,001	82,734	12,469	236,044	2,151,589
Capital assets, being depreciated net of depreciation	31,793,636	34,182,858	32,999,385	31,820,211	30,855,080
Total Noncurrent Assets	53,689,257	51,981,287	50,727,572	51,743,115	52,789,902
Total Assets	64,246,695	66,005,985	66,856,049	67,492,424	70,092,425
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized loss on refunding of debt	761,129	733,652	706,175	678,698	651,221
Deferred amount from pension plans	360,383	580,880	3,280,304	1,095,923	938,362
Deferred amount from OPEB plan	—	50,904	54,301	69,427	56,929
Total Deferred Outflows of Resources	\$1,121,512	\$1,365,436	\$4,040,780	\$1,844,048	1,646,512
LIABILITIES					
Current Liabilities:					
Accounts payable	\$1,771,678	\$2,385,874	\$1,790,525	\$1,666,889	2,261,542
Accrued liabilities	60,390	76,200	88,005	91,209	183,775
Accrued interest	233,289	227,807	254,098	246,810	239,872
Deposits payable	269,388	245,888	280,988	258,488	235,888
Water revenue bonds, current	875,000	910,000	945,000	990,000	1,025,000
Compensated absences, current	43,336	11,090	13,796	51,879	64,439
Pension obligation bonds, current	—	—	111,755	114,087	115,642
Total Current Liabilities	3,253,081	3,856,859	3,484,167	3,419,362	4,126,158
Noncurrent Liabilities:					
Water revenue bonds, noncurrent	33,689,501	32,619,849	31,515,197	30,365,545	29,180,893
Pension obligation bonds, noncurrent	—	—	2,702,260	2,588,173	2,472,531
Compensated absences, noncurrent	101,118	114,518	120,833	121,051	150,357
Net OPEB liability	—	224,918	193,067	215,657	196,524
Net pension liability	2,586,355	2,996,929	1,020,280	1,390,310	1,670,817
Total Noncurrent Liabilities	36,376,974	35,956,214	35,551,637	34,680,736	33,671,122
Total Liabilities	39,630,055	39,813,073	39,035,804	38,100,098	37,797,280
DEFERRED INFLOWS OF RESOURCES					
Deferred amount from pension plans	91,288	1,566	1,438,331	86,691	27,489
Deferred amount from OPEB plans	—	27,760	42,706	22,076	16,317
Total Deferred Inflows of Resources	91,288	29,326	1,481,037	108,767	43,806
NET POSITION					
Net investment in capital assets	13,578,749	13,402,954	13,178,945	9,733,033	11,803,531
Restricted for:					
Pension rate program	—	—	—	64,620	144,921
Unrestricted	12,068,115	14,126,068	17,201,043	21,329,954	21,949,399
Total Net Position	\$25,646,864	\$27,529,022	\$30,379,988	\$31,127,607	33,897,851

Sources: City of La Habra Annual Comprehensive Financial Reports for fiscal years ending June 30, 2020 through June 30, 2024.

The following table presents the Water Enterprise’s Statement of Revenues, Expenses and Changes in Net Position prepared by the Authority for the four most recent fiscal years and budgeted projections for the 2024-25 fiscal year. Audited totals are provided for the 2021 through 2023 fiscal years while unaudited actuals are provided for fiscal year 2024 and budgeted projections for fiscal year 2025. for the See “Historical and Projected Operating Results” for a five-year historical comparison of revenues and expenses of the Water Fund and a projection of the revenues and expenses, including projected debt service coverage.

TABLE 14
LA HABRA UTILITY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Fiscal Year Ending June 30,				
	2019-20 Audited	2020-21 Audited	2021-22 Audited	2022-23 Audited	2023-24 Audited
OPERATING REVENUES					
Water sales	\$15,612,249	\$18,490,720	\$18,431,383	\$16,934,491	\$17,688,074
Charges for services	162,921	13,734	57,685	264,574	258,937
Intergovernmental	—	—	171,966	36,669	150,799
Total Operating Revenues	<u>15,775,170</u>	<u>18,504,454</u>	<u>18,661,034</u>	<u>17,235,734</u>	<u>18,097,810</u>
OPERATING EXPENSES					
Water and materials	4,517,216	6,078,434	5,525,119	4,779,920	4,479,919
Contractual services	1,050,653	1,085,330	1,200,828	1,381,528	1,524,766
Wages and fringe benefits	2,547,158	2,543,568	1,970,005	3,504,967	2,964,331
Equipment and maintenance	1,215,061	1,129,694	565,083	1,054,189	959,861
Materials and supplies	283,347	257,886	368,539	376,147	405,016
Utilities	434,962	421,494	478,344	430,435	462,515
Depreciation	1,219,639	1,204,891	1,266,208	1,255,693	1,234,648
Administration	2,470,460	2,610,805	2,988,457	2,773,368	2,956,822
Total Operating Expenses	<u>13,738,496</u>	<u>15,332,102</u>	<u>14,362,583</u>	<u>15,556,247</u>	<u>14,987,878</u>
OPERATING INCOME	2,036,674	3,172,352	4,298,451	1,679,487	3,109,932
NONOPERATING REVENUE (EXPENSES)					
Interest income	187,446	95,941	75,193	171,389	627,157
Other nonoperating revenues	172,346	—	—	—	—
Net increase in fair value of investment	134,037	(66,778)	(329,433)	(135,556)	(40,654)
Debt issuance costs	(254,610)	—	—	—	—
Interest expense	(1,486,004)	(1,253,190)	(1,251,166)	(1,257,804)	(1,218,471)
Total Nonoperating Revenues	<u>(1,246,785)</u>	<u>(1,224,027)</u>	<u>(1,505,406)</u>	<u>(1,221,971)</u>	<u>(631,968)</u>
INCOME BEFORE TRANSFERS	789,889	1,948,325	2,793,045	457,516	2,477,967
Transfers In	224,861	219,969	250,508	305,103	322,280
Transfers Out	(71,250)	(71,250)	(192,587)	(15,000)	(30,000)
CHANGES IN NET POSITION	943,500	2,097,044	2,850,966	747,619	2,770,244
Prior period adjustments	—	(214,886)	—	—	—
NET POSITION, Beginning of Year	<u>24,703,364</u>	<u>25,431,978</u>	<u>27,529,022</u>	<u>30,379,988</u>	<u>31,127,607</u>
NET POSITION, End of Year	25,646,864	27,529,022	30,379,988	31,127,607	33,897,851

Sources: City of La Habra Annual Comprehensive Financial Reports for fiscal years ending June 30, 2020 through June 30, 2024.

The lease payments under the Lease, providing for the long-term lease of the Water Enterprise to the Authority are subordinate to all debt service requirements on the Bonds and the City no longer assesses a franchise fee in-lieu payment. See “THE WATER ENTERPRISE—Lease of the Water Enterprise.” The City continues to operate and maintain the Water Enterprise on behalf of the Authority, with the City

remaining obligated to set rates, collect the Gross Revenues and to pay the indebtedness of the Water Enterprise from the Net Revenues.

The City's Annual Comprehensive Financial Report details its Business-Type Activities, including the Water Enterprise, among Enterprise Funds of the Proprietary Funds of the City and describes obligations and operations of the Authority. For more information, see the City's 2018 Annual Comprehensive Financial Report in APPENDIX B - ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Outstanding Debt

The following table shows the outstanding obligations of the Authority with respect to the 2013 Bonds and the 2019 Bonds:

Fiscal Year Ended June 30	2013A Bonds	2019A Bonds	2019B Bonds	Total
2025	\$ 1,340,025.00	\$ 403,935.00	\$ 525,600.00	\$ 2,269,560.00
2026	1,337,025.00	404,977.50	525,600.00	2,267,602.50
2027	1,337,400.00	405,100.00	525,600.00	2,268,100.00
2028	1,336,025.00	—	939,975.00	2,276,000.00
2029	1,332,900.00	—	933,350.00	2,266,250.00
2030	1,332,100.00	—	935,725.00	2,267,825.00
2031	1,328,900.00	—	936,850.00	2,265,750.00
2032	1,338,643.75	—	936,725.00	2,275,368.75
2033	1,335,631.25	—	935,350.00	2,270,981.25
2034	1,335,468.75	—	937,600.00	2,273,068.75
2035	905,712.50	—	1,294,225.00	2,199,937.50
2036	901,587.50	—	1,289,850.00	2,191,437.50
2037	901,087.50	—	1,293,400.00	2,194,487.50
2038	899,087.50	—	1,295,100.00	2,194,187.50
2039	905,337.50	—	1,295,000.00	2,200,337.50
2040	900,446.88	—	1,282,250.00	2,182,696.88
2041	904,490.63	—	1,281,250.00	2,185,740.63
2042	901,800.00	—	—	901,800.00
2043	902,375.00	—	—	902,375.00
2044	901,100.00	—	—	901,100.00
Total	<u>\$22,377,143.76</u>	<u>\$1,214,012.50</u>	<u>\$17,163,450.00</u>	<u>\$40,754,606.26</u>

Historical and Projected Operating Results and Debt Service Coverage

The following two tables provide a history and projection of the revenues and expenses of the Water Enterprise for ten fiscal years as prepared by the Water Enterprise. These projections do not include, as an operating expense, the Water Enterprise lease payments made to the City's General Fund after payment of all debt service, depreciation charged to the Water Fund, interest expense or gains from the sale of equipment, each otherwise included in the calculation of Operating Income in the Statement of Revenue, Expenses and Changes in Net Position above.

The following table presents the Historical Summary of Operating Revenues, Operating Expenses and Debt Service Coverage for the past five fiscal years derived from the City's Audited Financial Statements.

TABLE 15
LA HABRA UTILITY AUTHORITY
HISTORICAL SUMMARY OF OPERATING REVENUES,
OPERATING EXPENSES AND DEBT SERVICE COVERAGE⁽¹⁾
For Fiscal Years Ending June 30,

	2020	2021	2022	2023	2024
REVENUES(1)					
Water Sales	\$15,612,249	\$18,490,720	\$18,431,383	\$16,934,491	\$17,688,074
Charges for Services	162,921	13,734	57,685	264,574	258,937
Intergovernmental	—	—	171,966	36,669	150,799
Interest Income	187,446	95,941	75,193	171,389	627,157
Other revenue	172,346	(66,778)	—	—	—
Transfers in	224,861	219,969	250,508	305,103	322,280
Net Increase (decrease) in fair value or investments	134,037	(66,778)	(329,433)	(135,556)	(40,654)
Debt Issuance Costs	(254,610)	—	—	—	—
Total Revenues	16,239,250	18,686,808	18,657,302	17,576,670	19,006,593
EXPENSES(1)					
Water and materials	4,517,216	6,078,434	5,525,119	4,779,920	4,479,919
Contractual services	1,050,653	1,085,330	1,200,828	1,381,528	1,524,766
Wages and fringe benefits	2,547,158	2,543,568	1,970,005	3,504,967	2,964,331
Equipment and maintenance	1,215,061	1,129,694	565,083	1,054,189	959,861
Materials and supplies	283,347	257,886	368,539	376,147	405,016
Utilities	434,962	421,494	478,344	430,435	462,515
Administration	2,470,460	2,610,805	2,988,457	2,773,368	2,956,822
Transfers out	71,250	71,250	192,587	15,000	30,000
Total Expenses	12,590,107	14,198,461	13,288,962	14,315,554	13,783,230
Net Revenues Available for Debt Service	3,649,143	4,488,347	5,368,340	3,261,116	5,223,363
Debt Service(1)					
2013 Water Bonds	1,337,225	1,336,525	1,334,650	1,336,400	1,341,525
2019A Water Bonds	25,711	403,723	406,800	404,640	407,053
2019B Water Bonds	236,520	525,600	525,600	525,600	525,600
Total Debt Service	1,599,456	2,265,848	2,267,050	2,266,640	2,274,178
Debt Service Coverage	2.28x	1.98x	2.37x	1.44x	2.30x
Net Revenues Available after Debt Service	1,456,956	2,123,348	1,881,876	2,236,640	2,214,178

Source: City of La Habra 2020-2024 ACFRs and City of La Habra Finance Department.

(1) FY2020-24 operating revenues and operating expenses are based on figures from the City's audited financial statements for those years.

The following table presents the Projected Summary of Operating Revenues, Operating Expenses and Debt Service Coverage for the fiscal years 2024-25 through 2028-29. Revenue projections for fiscal years 2025-26 through 2028-29 do not assume any increases in revenues over those projected in fiscal year 2024-25. Expenses projected for fiscal years 2025-26 through 2028-29 assume 2% annual increases in expenses over those projected in fiscal year 2024-25. While the City believes that these assumptions are reasonable, the City cannot guarantee that its actual results will not differ. The projections in the following table do not include any capital projects planned by the Authority.

TABLE 16
LA HABRA UTILITY AUTHORITY
PROJECTED SUMMARY OF OPERATING REVENUES,
OPERATING EXPENSES AND DEBT SERVICE COVERAGE
For Fiscal Years Ending June 30,

	2025	2026	2027	2028	2029
REVENUES(1)					
Water sales	\$20,627,801	\$21,575,263	\$23,103,569	\$24,263,302	\$24,991,201
Interest income	263,300	84,632	79,779	81,125	83,559
Total Revenues	20,891,101	21,659,895	23,183,348	24,344,427	24,709,593
EXPENSES(1)					
O&M Expenses	9,302,805	9,801,614	10,196,883	10,610,881	10,877,108
Water supply costs	5,267,528	5,954,575	6,233,031	6,525,506	6,656,016
Water power costs	519,500	504,300	529,515	545,400	556,308
Total Expense	15,089	16,260,489	16,959,429	17,681,787	18,089,432
Net Revenues Available for Debt Service	5,801,268	5,399,406	6,223,919	6,662,640	6,620,161
Debt Service(1)					
2013 Water Bonds	1,340,025	—	—	—	—
2019A Water Bonds	403,935	404,978	405,100	—	—
2019B Water Bonds	525,600	525,600	525,600	939,975	933,350
2025 Water Bonds	—	1,257,474	1,256,875	1,254,375	1,255,250
Total Debt Service	2,269,560	2,188,051	2,187,575	2,194,350	2,188,600
Debt Service Coverage	2.56x	2.47x	2.85x	3.04x	3.02x
Net Revenues Available after Debt Service	3,531,708	3,211,355	4,036,344	4,468,290	4,431,561

Source: City of La Habra 2024-25 Budget and City of La Habra Finance Department.

- (1) Revenues assume 3% annual increases over FY2025 projections.
- (2) Expenses assume 2% annual increases over FY2025 projections.
- (3) Debt service and coverage information does not include potential future borrowings. See “THE WATER ENTERPRISE—Historical and Planned Capital Improvements.”

The City Council adjusts water rates to ensure that Water Enterprise revenues are sufficient to cover the total expenses of providing water, including depreciation, administration, debt service coverage levels, and required capital outlay. For additional information, see “WATER RATES” above.

Water Conservation and Supply Shortage Contingency Measures

Water Conservation Act of 2009 (SBx7-7). The Water Conservation Act of 2009 set forth in State Senate Bill x7-7 (“SBx7-7”), was signed by the Governor in 2009 and became effective in February 2010. Among other things, SBx7-7 seeks to achieve a State-wide 20% reduction in urban per capita water use by

December 31, 2020. SBx7-7 requires each urban retail water supplier (such as the City) to develop urban water use targets to help meet the 20% reduction goal by 2020, with an interim 10% reduction goal by 2015. An urban water retail supplier that fails to meet its water use target by December 31, 2020 will be ineligible for a water grant or loan administered by the State until the supplier complies with the provisions of SBx7-7, unless the State Department of Water Resources determines that the supplier is eligible for a water grant or loan after the supplier's submission of a schedule, financing plan, and budget for achieving the required per capita reductions.

Under SBx7-7, a retail water agency may comply with the reduction requirements as an individual or as part of a regional alliance. The advantage of becoming part of a regional alliance is that the agency then has multiple means of meeting the compliance requirements. The City is member of Orange County 20x2020 Regional Alliance formed by MWDOC (the "Regional Alliance"). The Regional Alliance is comprised of 29 retail agencies throughout the County. The Regional Alliance has a 2015 weighted target of 175.9 GPCD and a 2020 weighted target of 156.4 GPCD. The actual 2015 water use in the region was reported to be 129 GPCD, well below the 2015 interim target and the 2020 target.

California 2011-17 Drought; State Emergency Measures and Continuing Efforts. California has a highly variable climate and often experiences very wet years followed by extremely dry ones. During the last thirty-five years, the State experienced drought periods between 1986 and 1992, between 2007 and 2009, and between 2011 and 2017.

The drought from December 2011 to March 2017 was considered one of the worst in the State's recorded history, with 2012 through 2015 having the driest four-year statewide precipitation on record. Between 2014 and 2015, the Governor issued two emergency proclamations (on January 14, 2014 and April 25, 2014) and four executive orders (Executive Orders B-26-14, B-28-14, B-29-15 and B-36-15). During this period, SWRCB adopted and implemented regulations for water use reductions and restrictions. Among such actions, the SWRCB adopted emergency regulations in 2015 to achieve a 25% reduction in the overall potable urban production statewide in accordance with directives set forth in Executive Order B-29-15. It was reported that, overall, the State saved an average of more than 24% during the twelve months that the mandate was in place. In addition, the Sustainable Groundwater Management Act of 2014 was enacted. The State developed a five-year California Water Action Plan, with the stated goals of more reliable water supplies, the restoration of important species and habitat, and a more resilient, sustainably managed water resources system (water supply, water quality, flood protection, and environment).

On May 16, 2016, the Governor issued Executive Order B-37-16, which among other things, directed: (i) the State Department of Water Resources to work with the SWRCB to develop new water use targets as part of a permanent framework for urban water agencies, (ii) the permanent requirement of urban water suppliers to issue monthly report of their water usage, conservation amounts and enforcement efforts, (iii) prohibition of wasteful potable water practices (such as hosing of sidewalks, watering lawns in a manner that causes runoff); (iv) California Energy Commission's certification of innovative water conservation and water loss detection and control technologies that also increase energy efficiency; (v) consultation by State Department of Water Resources with urban water suppliers, local governments, environmental groups and other partners to update requirements for water shortage contingency plans.

The winter of 2016-17 brought significant precipitation and was one of the wettest on record for Northern California. On April 7, 2017, Governor Brown issued Executive Order B-10-17, rescinding the two emergency proclamations from January and April 2014 and the four drought related Executive Orders issued in 2014 and 2015. However, Executive Order B-37-16 was largely left in place.

Executive Order B-10-17 terminated the drought state of emergency for all counties in the State, except for the counties of Fresno, Kings, Tulare and Tuolumne with directives for those particular counties. The City is located in Orange County.

During the 2018-19 winter season, several strong winter storms brought above-average levels of snowpack and precipitation to the State. In March 2019, the U.S. Drought Monitor (a map which is updated weekly through a joint effort of the National Drought Mitigation Center at the University of Nebraska-Lincoln, the National Oceanic and Atmospheric Administration, and the U.S. Department of Agriculture) reported that California was drought free for the first time since 2011.

The City cannot predict if and when California will experience another drought, and the actions that the State will have to take in response. The State is continuing to implement the directives of Executive Order B-37-16, dubbed “Making Water Conservation a California Way of Life.” The implementation of the Sustainable Groundwater Management Act of 2014 and the additional directives under Executive Order B-10-17 for the counties of Fresno, Kings, Tulare and Tuolumne also continues.

Employee Pension Plans

The Water Enterprise pays an allocable portion of the City’s administrative expenses, including employee compensation and benefits from revenues of the Water System. Under the Indenture, Net Revenues (which are pledged to the payment of the 2025 Bonds) is defined as Gross Revenues less Operation and Maintenance Costs. Operation and Maintenance Costs include, among other things, administrative costs of the City attributable to the operation and maintenance of the Water Enterprise, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits and licenses to operate the Water System and insurance premiums. The table below shows the City’s contribution to the CalPERS plans (discussed below), and the amounts allocated to each of the Water System for the years shown:

**TABLE 17
CITY OF LA HABRA
CONTRIBUTION TO CALPERS PLANS AND ALLOCATION TO WATER ENTERPRISE**

Fiscal Year Ended June 30,	City Contribution To CalPERS	Amount Allocated To Water Enterprise	Allocation %
2015	\$4,305,940	\$140,607	3.27%
2016	4,873,516	168,629	3.46%
2017	5,432,819	187,255	3.45%
2018	5,789,096	229,893	3.97%
2019	6,728,299	289,996	4.31%
2020	7,888,066	360,383	4.57%
2021	8,666,056	422,870	4.88%
2022	9,647,597	433,643	4.49%
2023	3,449,433	157,964	4.58%
2024	3,489,181	166,756	4.78%

Source: City of La Habra Finance Department.

General Information about the City’s CalPERS Plans. All qualified permanent and probationary employees are eligible to participate in either (1) the City’s Miscellaneous Plan, an agent multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System

(“CalPERS”), which acts as a common investment and administrative agent for its participating member employers, or (2) the City’s Safety Plan, a cost-sharing multiple employer defined benefit pension plan administered by CalPERS. They may be collectively referred to as the “Plans” or individually as a “Plan”. Benefit provisions under the Plans are established by State statute and City’s resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five (5) years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

Employees Covered. On June 30, 2022 (valuation date), the following employees were covered by the benefit terms for each Plan.

**TABLE 18
CITY OF LA HABRA
COVERED EMPLOYEES**

	Misc Plan	Safety Plans
Inactive employee or beneficiaries currently receiving benefits	330	210
Inactive employees entitled to but not yet receiving benefits	528	56
Active employees	229	71
Total	1,087	337

Source: City of La Habra Finance Department.

Contributions. Section 20814(c) of the California Public Employees’ Retirement Law (“PERL”) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

Net Pension Liability. The City’s net pension liability for both Plans is measured as the total pension liability, less the plan’s fiduciary net position. The as of June 30, 2024 the City reported a net pension liability for its Miscellaneous plan of \$16,282,576 and a net pension liability for its Safety Plans of \$19,260,797.

For more information, including actuarial assumptions, a discussion of the discount rate used, and schedules of funding progress for the City’s various pension plans, see APPENDIX B—ANNUAL

Other Post-Employment Benefits

Plan Description. The City has established an agent multiple employer Defined Benefit Postemployment Healthcare Plan (“OPEB”) that provides post-retirement medical benefits to retirees through the California Public Employees Medical and Hospital Care Act (“PEMHCA”) and managed through the California Employers’ Benefit Trust (“CEBRT”). The plan provides healthcare benefits to eligible retirees and their dependents. Benefit provisions are established and may be amended through agreements and memorandums of understanding between the City, its management employees, and unions representing City employees. The City contributes the PEMHCA minimum for eligible retirees and surviving spouses. The additionally provides full medical coverage for life under a special agreement to one annuitant and dependents. No dental, vision, or life insurance benefits are provided.

Membership of the OPEB Plan as of June 30, 2022 (valuation date) consisted of 90 inactive employees or beneficiaries currently receiving benefits and 250 active employees.

Funding Policy. There is no statutory requirement for the City to contribute more than the PEMHCA minimum for eligible retirees and surviving spouses. The City has currently chosen to contribute 100% of the actuarially determined contribution. For the fiscal year ended June 30, 2024, the City’s cash contributions were \$436,402 in payment to the trust and \$192,254 in payment outside the trust. The estimated implied subsidy was \$210,261. This results in a total contribution of \$838,917. There are no employee contributions.

Annual OPEB Cost and Net OPEB Obligation. The following table shows the amount contributed to the plan, and changes in the City’s net OPEB obligation:

**TABLE 19
CITY OF LA HABRA
NET OPEB LIABILITY**

Service cost	\$203,845
Interest on OPEB Liability	535,759
Contribution—Employer	(838,917)
Net Investment Income	(276,847)
Administrative Expense	4,343
Balance on June 30, 2023	4,282,583
Balance on June 30, 2024	3,910,766

Source: City of La Habra 2023-24 ACFR.

For additional information about the City’s OPEB Plan, see APPENDIX B—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2024, Note 4.

THE AUTHORITY

The Authority is a joint exercise of powers entity duly organized and existing under and pursuant to Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Act”) and that certain Joint

Exercise of Powers Agreement, dated as of July 1, 2007 (the “JPA Agreement”), between the City and the Redevelopment Agency of the City of La Habra (the “Former RDA”), as amended as of March 5, 2012 to substitute the La Habra Housing Authority (the “Housing Authority”) in place of the Former RDA. The Authority is authorized pursuant to Article 4 (commencing with section 6584) of the Act to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to, public entities, including the City and the Housing Authority and to provide financing for public capital improvements for lease to public entities, including the City and the Housing Authority. Pursuant to the Act and the JPA Agreement, the Authority is authorized to issue revenue bonds to finance the acquisition and construction of improvements to the Water Enterprise. The members of the City Council also sit as the governing Board of the Authority.

BONDOWNERS’ RISKS

The following section describes certain special considerations and risk factors affecting the risk of nonpayment or the security for the 2025 Bonds. The following discussion is not meant to be an exhaustive or definitive description of the risks associated with a purchase of any 2025 Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following special factors regarding the 2025 Bonds, together with all other information in this Official Statement in order to make an informed investment decision with respect to the 2025 Bonds. There can be no assurance that other risk factors are not or will not become material in the future.

Bonds are Limited Obligations

The Bonds are special, limited obligations of the Authority. The Bonds shall not be deemed to constitute a debt or liability of the Authority, the City, the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory provision, or a pledge of the faith and credit of the Authority, the City, the State of California or of any political subdivision thereof, but shall be payable, except to the extent of certain amounts held under the Indenture pledged therefor, solely from Net Revenues. Neither the faith and credit nor the taxing power of the City, the State of California or of any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or the interest on the Bonds. The issuance of the Bonds shall not directly or indirectly or contingently obligate the City, the State of California or any political subdivision thereof to levy or to pledge any form of taxation whatsoever therefor or to make any appropriation for their payment. The Authority has no taxing power.

Limitations on Remedies

The enforceability of the rights and remedies of the owners of the 2025 Bonds and the Trustee, and the obligations incurred by the Authority, may be subject to the following: the limitations on legal remedies against joint powers authorities and cities in California; 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; principles of equity 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 U.S. Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the 2025 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently

may entail risks of delay, limitations or modification of their rights. Remedies may be limited since the Water Enterprise serves an essential public purpose.

In addition to the limitations on remedies contained in the Indenture, the rights and obligations under the 2025 Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California. The opinion to be delivered by Stradling Yocca Carlson & Rauth LLP, Bond Counsel, concurrently with the issuance of the 2025 Bonds, that the Indenture has been duly authorized, executed and delivered by the Authority and constitute valid and legally binding agreements of the Authority, and that the 2025 Bonds are entitled to the benefits of the Indenture, will be subject to such limitations and the various other legal opinions to be delivered concurrently with the delivery of the 2025 Bonds will be similarly qualified. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto. In the event the Authority fails to comply with its covenants under the Indenture or to pay principal of and interest on the 2025 Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the owners of the 2025 Bonds.

Risks Relating to Water Sales; Water Supply Shortages

At present, the Authority purchases approximately 55% of its municipal water supply needs, with the Authority's three water wells providing the remaining 45%. Consumer demand and locally supplied water vary from year to year, resulting in variability in water sales. In recent years supplies and demands have been affected by drought, water use restrictions, economic conditions, weather conditions and environmental laws, regulations and judicial decisions, as described below. Future water sales will be subject to variability due to these and other factors. Sources of imported water include the State Water Project and the Colorado River, both of which are subject to drought conditions that in recent years have contributed to lower overall water deliveries to MWDOC. There can be no assurance that the sales, supplies and sources of water for the Water Enterprise will be maintained at the levels and proportions described in this Official Statement under the headings "THE WATER ENTERPRISE."

Water Enterprise Demand and Growth

There can be no assurance that the local demand for the services provided by the Water Enterprise will be maintained at levels described in this Official Statement under the headings "THE WATER ENTERPRISE." Reduction in the level of demand could require an increase in rates or charges in order to produce Net Revenues sufficient to comply with the Authority's rate covenant in the Indenture. There can be no assurance that any other entity with regulatory authority over the Water Enterprise will not adopt further restrictions on operation of the Water Enterprise.

Water Enterprise Expenses

There can be no assurance that the Authority's expenses for the Water Enterprise will be consistent with the levels described in this Official Statement. Changes in technology, new regulatory requirements, disruption of water supply, increases in the cost of energy or other expenses would reduce Net Revenues, and could require substantial increases in service charges in order to comply with the rate covenant. Such rate increases could increase the likelihood of nonpayment and could also decrease demand.

The Authority's ability to make debt service payments is dependent upon the collection of water service charges. Those charges are collected with relatively consistent and predictable demands. A number of factors could adversely affect the water service charge structure including, but not limited to, capital improvement needs, federal and state requirements and general economic conditions. The Authority has been able to adjust its rates from time to time to meet such conditions and expects to continue to have that ability.

Environmental Laws and Regulations

The Authority is subject to a wide variety of local, State, and federal health and environmental laws. Among the types of regulatory requirements faced by such facilities are air and water quality control requirements. Such regulations, as they may be from time to time amended or subsequently enacted could affect the Net Revenues available to pay the 2025 Bonds.

Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The City established a self-insurance program, the Risk Management Fund, to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$750,000 for each miscellaneous claim, \$1,000,000 for each safety workers' compensation claim, and \$300,000 for each general liability claim. The City purchases commercial insurance for claims in excess of coverage provided by the Risk Management Fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years. All funds of the City participate in the program and make payments to the Self-Insurance Funds based on actuarial estimates of amounts needed to pay claims.

The fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have been incurred but not reported. The City has accrued for its anticipated liability with respect to claims filed and claims incurred but not reported to the City as of year-end. The accruals are in the amounts of \$2,089,237 and \$577,403 for the workers' compensation claims and general liability claims, respectively.

The City's risk management program includes both self-insured and insured coverages; however, the program does not provide for every conceivable risk of loss. Damage attributable to seismic events and environmental pollution are excluded. In situations where the City has not purchased commercial coverage, the City has a 'self-retention' program that is administered and retains budgeted resources internally to provide coverage for loss liabilities. The City is not required to either insure against or self-insure against every potential risk of loss, and there is a risk that damage or destruction of property and equipment comprising the Water System could occur for which no insurance or self-insurance funds will be available. There can be no assurance that insurance providers will pay claims under any policies promptly or at all, should a claim be made under such policies in connection with property loss or damage. It is possible that an insurance provider will refuse to pay a claim, especially if it is substantial, and force the City to sue to collect on or settle the insurance claim. Further, there can be no assurances that any insurance proceeds will be sufficient to rebuild or replace any damaged property.

Loss of Tax-Exemption

As discussed under the caption “TAX MATTERS” herein, interest with respect to the 2025 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of execution and delivery of 2025 Bonds as a result of future acts or omissions of the Authority in violation of certain covenants contained in the Indenture or change in legislation. Should such an event of taxability occur, the 2025 Bonds are not subject to special redemption or any increase in interest rate and will remain outstanding until maturity or until redeemed pursuant to the Indenture.

Risks Related to Cyber Security

The City faces various cyber security threats, including, but not limited to, hacking, viruses, malware, ransomware and other attacks on its computers and its networks. No assurance can be given that the City’s efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the Water Enterprise or the ability of the Authority to make timely payments on the Bonds. The Water Enterprise is also reliant on other entities and service providers including without limitation CDWC, and MWDOC. No assurance can be given that the City and these other entities will not be adversely affected by cyber threats and attacks in a manner that may affect owners of the Bonds.

Secondary Market

There can be no guarantee that there will be a secondary market for the 2025 Bonds or, if a secondary market exists, that any 2025 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

Pension Benefit Liability

Many factors influence the amount of the City’s pension benefit liabilities, including, without limitation, inflationary factors, changes in statutory provisions of CalPERS retirement system laws, changes in the level of benefits provided or in the contribution rates of the City, increases or decreases in the number of covered employees, changes in actuarial assumptions or methods (including but not limited to the assumed rate of return), and differences between actual and anticipated investment experience of CalPERS. Any of these factors could give rise to additional liability of the City to its pension plans as a result of which the City would be obligated to make additional payments to its pension plans in order to fully fund the City’s obligations to its pension plans. It is expected that required contributions to CalPERS will go up in future years.

Changes in Law

There can be no assurance that the electorate of the State will not at some future time adopt additional initiatives or that the Legislature will not enact legislation that will amend the laws or the Constitution of the State resulting in a reduction of the Water Enterprise revenues and consequently, having an adverse effect on the security for the Bonds.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Articles XIIC and XIID of the California Constitution

Proposition 218, a State ballot initiative known as the “Right to Vote on Taxes Act,” was approved by the voters on November 5, 1996. The initiative added Articles XIIC and XIID to the California Constitution, creating additional requirements for the imposition by most local governments of “general taxes,” “special taxes,” “assessments,” “fees,” and “charges.” Proposition 218 became effective, pursuant to its terms, as of November 6, 1996, although compliance with some of its provisions was deferred until July 1, 1997, and certain of its provisions purport to apply to any tax imposed for general governmental purposes (i.e., “general taxes”) imposed, extended or increased on or after January 1, 1995 and prior to November 6, 1996.

Article XIID imposes substantive and procedural requirements on the imposition, extension or increase of any “fee” or “charge” subject to its provisions. A “fee” or “charge” subject to Article XIID includes any levy, other than an *ad valorem* tax, special tax or assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership. Article XIID prohibits, among other things, the imposition of any proposed fee or charge, and, possibly, the increase of any existing fee or charge, in the event written protests against the proposed fee or charge are presented at a required public hearing on the fee or charge by a majority of owners of the parcels upon which the fee or charge is to be imposed. Except for fees and charges for water, sewer and refuse collection services, the approval of a majority of the property owners subject to the fee or charge, or at the option of the agency, by a two-thirds vote of the electorate residing in the affected area, is required within 45 days following the public hearing on any such proposed new or increased fee or charge. The California Supreme Court decisions in *Richmond v. Shasta Community Services District*, 32 Cal. 4th 409 (2004) (“Richmond”), and *Bighorn-Desert View Water Agency v. Verjil* (published July 24, 2006) (“Bighorn”) have clarified some of the uncertainty surrounding the applicability of Section 6 of Article XIID to service fees and charges. In *Richmond*, the Shasta Community Services District charged a water capacity fee, which included a capacity charge for capital improvements to the water system and a fire suppression charge. The Court held that both the capacity charge and the fire suppression charge were not subject to Article XIID because a water capacity fee is not a property-related fee or charge because it results from the property owner’s voluntary decision to apply for the connection. In both *Richmond* and *Bighorn*, however, the Court stated that a fee for ongoing water service through an existing connection is imposed “as an incident of property ownership” within the meaning of Article XIID, rejecting, in *Bighorn*, the water agency’s argument that consumption-based water charges are not imposed “as an incident of property ownership” but as a result of the voluntary decisions of customers as to how much water to use.

Article XIID also provides that “standby charges” are considered “assessments” and must follow the procedures required for “assessments” under Article XIID and imposes several procedural requirements for the imposition of any assessment, which may include (1) various notice requirements, including the requirement to mail a ballot to owners of the affected property; (2) the substitution of a property owner ballot procedure for the traditional written protest procedure, and providing that “majority protest” exists when ballots (weighted according to proportional financial obligation) submitted in opposition exceed ballots in favor of the assessments; and (3) the requirement that the levying entity “separate the general benefits from the special benefits conferred on a parcel” of land. Article XIID also precludes standby charges for services that are not immediately available to the parcel being charged.

Article XIID provides that all existing, new or increased assessments are to comply with its provisions beginning July 1, 1997. Existing assessments imposed on or before November 5, 1996, and “imposed exclusively to finance the capital costs or maintenance and operations expenses for [among other things] water” are exempted from some of the provisions of Article XIID applicable to assessments.

Article XIIC extends the people’s initiative power to reduce or repeal existing local taxes, assessments, fees and charges. This extension of the initiative power is not limited by the terms of Article XIIC to fees, taxes, assessment fees and charges imposed after November 6, 1996 and absent other authority could result in retroactive reduction in any existing taxes, assessments, fees or charges. In Bighorn, the Court concluded that under Article XIIC local voters by initiative may reduce a public agency’s water rates and delivery charges. The Court noted, however, that it was not holding that the authorized initiative power is free of all limitations, stating that it was not determining whether the electorate’s initiative power is subject to the public agency’s statutory obligation to set water service charges at a level that will “pay the operating expenses of the agency, ... provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions, and enlargements, pay the interest on any bonded debt, and provide a sinking or other fund for the payment of the principal of such debt as it may become due.”

Future Initiatives

Article XIIC and Article XIID were each adopted as measures that qualified for the ballot through California’s initiative process. From time to time other initiative measures could be adopted, further affecting the Net Revenues or the Authority’s ability to increase rates for water service.

APPROVAL OF LEGAL PROCEEDINGS

The validity of the 2025 Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth LLP, Bond Counsel to the Authority. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix D hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Stradling Yocca Carlson & Rauth LLP, is also acting as Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Authority and the City by the City Attorney of the City and for the Underwriter by Kutak Rock LLP, Irvine, California.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The Verification Agent will verify as to the Escrow Agreement, the mathematical accuracy as of the date of the closing and deliver of the 2025 Bonds of the computations contained in the provided schedules to determine that the deposit therein shall be sufficient to pay, when due, the principal and interest payment requirements, on the Redemption Date.

The report of the Verification Agent will include the statement that the scope of their engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to them and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

LITIGATION

At the time of delivery of and payment for the 2025 Bonds, the City and the Authority will certify that there is no action, suit, proceedings, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the City and the Authority, threatened against the City or the Authority affecting the existence of the City or the Authority or the titles of its officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the 2025 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 2025 Bonds, the Indenture or any action of the City or the Authority contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the City or the Authority with respect to the 2025 Bonds or any action of the City or the Authority contemplated by any of said documents, nor to the knowledge of the City or the Authority, is there any basis therefor.

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, has assigned the 2025 Bonds the rating of "____" (____ outlook). This rating reflects only the views of such organization. Explanations of the significance of such rating must be obtained from such organization. There is no assurance that such rating will continue for any given period of time or will not be revised downward or withdrawn entirely by such rating agency, if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the 2025 Bonds.

MUNICIPAL ADVISOR

The Authority has retained Fieldman, Rolapp & Associates, Inc., Irvine, California, as municipal advisor (the "Municipal Advisor") in connection with the authorization and delivery of the 2025 Bonds. The fees of the Municipal Advisor are contingent upon the sale and delivery of the 2025 Bonds. The Municipal Advisor is an independent advisory firm and not engaged in the business of underwriting, trading or distributing municipal or other public securities.

CONTINUING DISCLOSURE

The Authority has executed and delivered a Continuing Disclosure Certificate pursuant to which it will annually deliver audited financial statements in the form of the City's Annual Comprehensive Financial Reports and specified other information to a Dissemination Agent. In addition to the foregoing information, the Authority will provide notice of the occurrence of certain enumerated events ("Notice Events") in a timely manner not in excess of ten (10) business days after the occurrence of such Notice Event, such events to include, among other events: principal and interest payment delinquencies; non-payment related defaults; unscheduled draws on debt service reserves reflecting financial difficulties; unscheduled draws on credit enhancements reflecting financial difficulties; substitution of credit or liquidity providers, or their failure to perform; adverse tax opinions or events affecting the tax-exempt status of the 2025 Bonds; modifications to rights of Bondholders; optional, contingent or unscheduled bond calls;

defeasances; release, substitution, or sale of property securing repayment of the 2025 Bonds; and rating changes. The Dissemination Agent will deliver copies of this information directly to each Nationally Recognized Municipal Securities Repository recognized by the Securities and Exchange Commission and to any California information depository if and when one is formed. See APPENDIX E—FORM OF CONTINUING DISCLOSURE CERTIFICATE.

The City's 2023 audited financial statements were filed late for all outstanding issues on June 7, 2024, 68 days late. A failure to file was posted. The City's 2020 annual report was filed late for all outstanding issues on April 12, 2021, 12 days late. A failure to file was posted. The City's 2021 annual report for its 1998B COPs and 1998C COPs was filed 28 days late on March 29, 2022. No failure to file was posted. However, both 1998B COPs and 1998C COPs matured in 2022 and are no longer outstanding. The City has retained Urban Futures Incorporated as its dissemination agent.

Otherwise, each of the Authority and the City is currently in compliance in all material respects with its continuing disclosure undertakings.

OTHER INFORMATION

All quotations from the summaries and explanations of the Act, the Indenture and the other documents referred to herein are qualified in their entirety by reference to the Act and such documents and references herein to the 2025 Bonds are qualified in their entirety by reference to the form thereof included in the Indenture.

Any statements in this Official Statement involving matters of opinion are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or owners of the 2025 Bonds.

Copies of the Indenture are available for inspection at the Corporate Trust Office of the Trustee.

TAX MATTERS

Federal tax law contains a number of requirements and restrictions which apply to the 2025 Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Successor Agency has covenanted to comply with all requirements that must be satisfied in order for the interest on the 2025 Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the 2025 Bonds to become includible in gross income for federal income tax purposes retroactively to the date of delivery of the 2025 Bonds.

Subject to compliance by the Successor Agency with certain covenants, in the opinion of Bond Counsel, under present law, interest on the 2025 Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the 2025 Bonds may affect the corporate alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the Successor Agency with respect to certain material facts within the Successor Agency's knowledge. Bond Counsel's opinion

represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the 2025 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax exempt obligations. Prospective purchasers of the 2025 Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the “OID Issue Price”) for each maturity of the 2025 Bonds is the price at which a substantial amount of such maturity of the 2025 Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the 2025 Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the OID Issue Price of a maturity of the 2025 Bonds is less than the principal amount payable at maturity, the difference between the OID Issue Price of each such maturity, if any, of the 2025 Bonds (the “OID 2025 Bonds”) and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID 2025 Bond in the initial public offering at the OID Issue Price for such maturity and who holds such OID 2025 Bond to its stated maturity, subject to the condition that the Successor Agency complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID 2025 Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID 2025 Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Code; and (d) the accretion of original issue discount in each year may result in certain collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Owners of OID 2025 Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID 2025 Bonds.

Owners of 2025 Bonds who dispose of 2025 Bonds prior to the stated maturity (whether by sale or otherwise), purchase 2025 Bonds in the initial public offering, but at a price different from the OID Issue Price or purchase 2025 Bonds subsequent to the initial public offering should consult their own tax advisors.

If a 2025 Bond is purchased at any time for a price that is less than the 2025 Bond’s stated redemption price at maturity or, in the case of an OID 2025 Bond, its OID Issue Price plus accreted original issue discount reduced by payments of interest included in the computation of original issue discount and previously paid (the “Revised Issue Price”), the purchaser will be treated as having purchased a 2025 Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a 2025 Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser’s election, as it accrues. Such treatment would apply to any purchaser who purchases an OID 2025 Bond for a price that is less than its Revised Issue Price even if the purchase price exceeds par. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such 2025 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 2025 Bonds.

An investor may purchase a 2025 Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as “bond premium” and must be amortized by an investor on a constant yield basis over the remaining term of the 2025 Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax exempt bond. The amortized bond premium is treated as a reduction in the tax exempt interest received. As bond premium is amortized, it reduces the investor’s basis in the 2025 Bond. Investors who purchase a 2025 Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the 2025 Bond’s basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the 2025 Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the 2025 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to 2025 Bonds delivered prior to enactment. Prospective purchasers of the 2025 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the Service, interest on such tax exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the 2025 Bonds. If an audit is commenced, under current procedures the Service may treat the Successor Agency as a taxpayer and the Owners may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the 2025 Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the 2025 Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any 2025 Bond owner who fails to provide an accurate Form W 9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any 2025 Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

In the further opinion of Bond Counsel, interest on the 2025 Bonds is exempt from California personal income taxes.

Ownership of the 2025 Bonds may result in other State and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2025 Bonds. Prospective purchasers of the 2025 Bonds should consult their tax advisors regarding the applicability of any such State and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the 2025 Bonds is set forth in APPENDIX D—PROPOSED FORM OF BOND COUNSEL OPINION.

UNDERWRITING

Oppenheimer & Co. Inc., as underwriter of the 2025 Bonds (the “Underwriter”) has agreed, subject to certain conditions, to purchase the 2025 Bonds at a purchase price of \$ _____ (equal to the original principal amount thereof, plus an original issue premium of \$ _____, less an Underwriter’s discount of \$ _____).

The initial public offering prices stated on the inside cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the 2025 Bonds to certain dealers (including dealers depositing 2025 Bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion, assumptions, projections, anticipated events or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and actual results may differ substantially from those set forth herein. 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 2025 Bonds.

The summaries of certain provisions of the 2025 Bonds, statutes and other documents or agreements referred to in this Official Statement do not purport to be complete, and reference is made to each of them for a complete statement of their provisions. Copies are available for review by making requests to the Authority.

The Appendices are an integral part of this Official Statement and must be read together with all other parts of this Official Statement. The City’s Annual Comprehensive Financial Report, including a summary of significant accounting policies, for the fiscal year ended June 30, 2024 are contained in Appendix B.

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

LA HABRA UTILITY AUTHORITY

By _____
Executive Director

APPENDIX A

GENERAL INFORMATION ABOUT THE CITY

The information in this section of the Official Statement is presented as general background data. The Bonds are payable solely from the revenues of the Water Enterprise and other sources as described in the Official Statement. The taxing power of the City, the State of California, or any political subdivision thereof is not pledged to the payment of the Bonds.

Although reasonable efforts have been made to include up-to-date information in this Appendix A, some of the information is not current due to delays in reporting of information by various sources. It should not be assumed that the trends indicated by the following data would continue beyond the specific periods reflected herein.

Introduction

The City of La Habra. The City of La Habra (the “City”) is located in the northwest corner of Orange County (the “County”), approximately 20 miles east of downtown Los Angeles. The City is known as a unique suburban residential community where residents have access to, and participate in, the greater County and Los Angeles County economies. The City is largely built out (90% developed by the mid-1970’s), with the majority of residential housing constructed in the 1950’s. A quiet residential community, it is conveniently located within an hour’s drive of many beaches, mountain, and desert recreation areas.

The City also offers a distinctive and well-rounded program of civic, recreational, social and cultural services to its residents, including 20 parks, a Children’s Museum, Community Theater, Tennis Center, and diverse Community Center. Community services include senior citizen programs, recreation classes, youth and adult sports programs, facility rentals, and an active volunteer program.

Orange County. The County was incorporated in 1889 and is located in the southern part of the State of California (the “State”). The County is one of the major metropolitan areas in the state and nation. The County occupies a land area of 798 square miles with a coastline of 42 miles serving a population of over 3 million. It represents the third most populous county in the State and ranks sixth in the nation.

The County is a charter county as a result of the March 5, 2002, voter approval of Measure V, which provides for an electoral process to fill mid-term vacancies on the Board of Supervisors. Before Measure V, as a general law county, mid-term vacancies would otherwise be filled by gubernatorial appointment. In November 2008, voters approved Measure J, which added Article III, Section 301 to the Charter of the County requiring voter approval for increases in future retirement system benefits of any employee, legislative officer, or elected official of the County in the Orange County Employees Retirement System (OCERS) or any successor retirement system, with the exception of statutorily-established cost of living adjustments, salary increases, and annual leave or compensatory time cash-outs. In all other respects, the County is like a general law county. The County is governed by a five-member Board of Supervisors each of which serves four-year terms and annually elect a Chairman and Vice-Chairman. The supervisors represent districts that are each approximately equal in population. The County provides a full range of services countywide, for the unincorporated areas, and contracted through cities.

Population

The table below summarizes population of the City, the County, and the State for the last five years.

CITY OF LA HABRA, COUNTY OF ORANGE, AND STATE OF CALIFORNIA Population

Year	City of La Habra	County	State
2020	62,855	3,186,989	39,538,223
2021	62,357	3,172,352	39,327,868
2022	61,700	3,158,071	39,114,785
2023	61,028	3,141,065	39,061,058
2024	60,901	3,150,835	39,128,162

Source: California Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2021-2024, with 2020 Census Benchmark. Sacramento, California, May 2024.

Employment

The following table summarizes historical employment and unemployment for the City, the County, the State and the United States:

**CITY OF LA HABRA, COUNTY OF ORANGE, STATE OF CALIFORNIA,
AND THE UNITED STATES
Civilian Labor Force, Employment, and Unemployment
(Annual Averages)**

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate ⁽¹⁾
2019	City of La Habra	30,100	29,300	900	2.9%
	Orange County	1,623,400	1,568,400	45,500	2.8
	California	19,385,300	18,589,600	795,700	4.1
	United States	163,539,000	157,538,000	6,001,000	3.7
2020	City of La Habra	30,300	27,400	2,800	9.3%
	Orange County	1,563,800	1,424,300	139,500	8.9
	California	18,958,600	17,037,000	1,921,600	10.1
	United States	160,742,000	147,795,000	12,947,000	8.1
2021	City of La Habra	30,100	28,200	1,900	6.5%
	Orange County	1,557,200	1,464,100	93,100	6.0
	California	18,956,600	17,568,700	1,387,800	7.3
	United States	161,204,000	152,581,000	8,623,000	5.3
2022	City of La Habra	30,500	29,400	1,000	3.4%
	Orange County	1,579,300	1,528,500	50,700	3.2
	California	19,169,300	18,348,900	820,400	4.3
	United States	164,287,000	158,291,000	5,996,000	3.6
2023	City of La Habra	30,600	29,500	1,100	3.6%
	Orange County	1,588,900	1,532,400	56,500	3.6
	California	19,308,300	18,388,300	920,000	4.8
	United States	167,116,000	161,037,000	6,080,000	3.6

Source: U.S. Department of Labor - Bureau of Labor Statistics; California Employment Development Department. March 2023 Benchmark.

Note: Data may not add due to rounding; these data are not seasonally adjusted.

⁽¹⁾ The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures available in this table.

Major Employers

The following table list the top 10 principal employers within the City as of June 30, 2023.

CITY OF LA HABRA Top 10 Industries

Rank	Employer Name	Number of Employees	% of Total City Employment
1.	CVS Pharmacy	828	6.82%
2.	Wal-Mart/Sams Stores Inc.	735	6.05
3.	Wolverine Fence Co., Inc.	500	4.12
4.	City of La Habra	358	2.95
5.	Costco Wholesale	348	2.87
6.	Target Stores	262	2.16
7.	Advance Fire Protection Co Inc.	249	2.05
8.	Amazon Fresh	226	1.86
9.	Northgate Market	186	1.53
10.	The Kroger Co/La Habra Bakery	185	1.52

Source: City of La Habra, Annual Comprehensive Financial Report, Year Ended June 30, 2023.

The following table list the top 10 principal employers within the County as of June 30, 2024.

ORANGE COUNTY Top 10 Industries

Rank	Employer	Number of Employees	% of Total County Employment
1.	The Walt Disney Co.	34,000	2.13%
2.	University of California, Irvine	26,072	1.63
3.	Providence Southern California	23,632	1.48
4.	Orange County	18,000	1.13
5.	Kaiser Permanente	10,293	0.65
6.	Hoag Memorial Hospital Presbyterian	8,081	0.51
7.	Albertsons	7,222	0.45
8.	Allied Universal	6,145	0.39
9.	MemorialCare	5,800	0.36
10.	CHOC Hospital	5,462	0.34

Source: County of Orange, State of California, Annual Comprehensive Financial Report for the Year Ended June 30, 2024.

Construction Activity

The following tables reflect the five-year history of building permit valuation for the City and the County, respectively:

CITY OF LA HABRA Building Permits and Valuation (Dollars in Thousands)

	2019	2020	2021	2022	2023
Valuation					
Residential	\$13,200	\$10,354	\$19,972	\$23,918	\$26,707
Non-Residential	13,546	14,945	3,287	7,713	8,022
Total	\$26,746	\$25,299	\$23,259	\$31,631	\$34,729
Units					
Single Family	22	20	73	6	18
Multiple Family	8	0	0	10	129
Total	30	20	73	16	147

Note: Totals may not add to sum due to rounding.

Source: Construction Industry Research Board.

ORANGE COUNTY Building Permits and Valuation (Dollars in Thousands)

	2019	2020	2021	2022	2023
Valuation					
Residential	\$2,642,314	\$1,870,958	\$2,393,961	\$2,214,772	\$2,573,625
Non-Residential	3,152,501	1,984,321	1,825,076	1,928,312	1,994,878
Total	\$5,794,815	\$3,855,279	\$4,219,037	\$4,143,084	\$4,568,503
Units					
Single Family	3,125	2,863	3,292	2,929	2,688
Multi Family	7,169	3,032	4,382	3,405	9,725
Total	10,294	5,895	7,674	6,334	12,413

Note: Totals may not add to sum due to rounding.

Source: Construction Industry Research Board.

Personal Income

The following table summarizes the 2025 median household income and median effective buying income of the City, the County, the State and the United States.

**CITY OF LA HABRA, ORANGE COUNTY, CALIFORNIA AND THE UNITED STATES
MEDIAN HOUSEHOLD INCOME AND MEDIAN EFFECTIVE BUYING INCOME**

	<u>City of La Habra</u>	<u>Orange County</u>	<u>State of California</u>	<u>United States</u>
Median Household Income	\$96,910	\$111,610	\$94,758	\$78,426
Median Effective Buying Income	\$83,621	\$94,324	\$82,265	\$69,245

Source: California Department of Finance.

APPENDIX B

**ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE
FISCAL YEAR ENDED JUNE 30, 2024**

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APPENDIX C
SUMMARY OF THE INDENTURE

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APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

As a condition to the delivery of the 2025 Bonds, Stradling Yocca Carlson & Rauth LLP, Bond Counsel to the Authority, is expected to render its final approving opinion with respect to the 2025 Bonds in substantially the following form:

[Closing Date]

Governing Board of the
La Habra Utility Authority
110 East La Habra Boulevard
La Habra, California 90633

Re: \$ _____ * La Habra Utility Authority (Orange County, California) Water Refunding Revenue Bonds, Series 2025

Members of the Governing Board:

We have acted as bond counsel in connection with the issuance by the La Habra Utility Authority (the "Authority") of \$ _____ * aggregate principal amount of the bonds of the Authority designated the "La Habra Utility Authority (Orange County, California) Water Refunding Revenue Bonds, Series 2025" (the "Bonds"), pursuant to the provisions of Article 10 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53570) of the California Government Code (the "Law"), and pursuant to a Water Revenue Bond Indenture, dated as of December 1, 2010 (the "Original Indenture"), a First Supplemental Water Revenue Bond Indenture, dated as of December 1, 2010 (the "First Supplement"), a Second Supplemental Water Revenue Bond Indenture, dated as of October 1, 2013 (the "Second Supplement"), a Third Supplemental Water Revenue Bond Indenture, dated as of November 1, 2019 (the "Third Supplement"), and a Fourth Supplemental Water Revenue Bond Indenture, dated as of March 1, 2025 (the "Fourth Supplement"), each by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") (said Original Indenture, as amended and supplemented by the First Supplement, the Second Supplement, the Third Supplement, and the Fourth Supplement, collectively, the "Indenture"). We have examined the Law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the Indenture and in the certified proceedings, and upon other certifications furnished to us, without undertaking to verify the same by independent investigation.

Based upon our examination we are of the opinion, under existing law, that:

1. The Authority is a joint exercise of powers entity and public entity duly organized and existing under the laws of the State of California, with power to enter into the Indenture, to perform the agreements on its part contained therein and to issue the Bonds.
2. The Bonds constitute legal, valid and binding special obligations of the Authority enforceable in accordance with their terms and payable solely from the sources provided therefor in the Indenture.
3. The Indenture has been duly authorized, executed and delivered by the Authority and constitutes a legal, valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms.

* Preliminary, subject to change.

4. The Indenture establishes a valid first and exclusive lien on and pledge of the Revenues (as such term is defined in the Indenture) and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Indenture.

5. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, it should be noted that with respect to applicable corporations as defined in section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations.

6. Interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

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

8. The amount by which a Bond owner's original basis for determining loss on sale or exchange in the applicable Bond (generally the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium which must be amortized under section 171 of the Code; such amortizable bond premium reduces the bond owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Bond owner realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner.

The opinions expressed in paragraphs 5 and 6 above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds are subject to the condition that the Authority complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Authority has covenanted to comply with all such requirements. Except as set forth in paragraphs 5, 6, 7 and 8 above, we express no opinion as to any tax consequences related to the Bonds.

Certain agreements, requirements and procedures contained or referred to in the Indenture and the Tax Certificate executed by the Authority with respect to the Bonds may be changed and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax exempt obligations. We express no opinion as to the effect on exclusion from gross income for federal income tax purposes of the interest (and original issue discount) on any Bond if any such change occurs or action is taken or omitted upon advice or approval of bond counsel other than Stradling Yocca Carlson & Rauth LLP.

The opinions expressed herein and the exclusion of interest on the Bonds from gross income for federal income tax purposes may be affected by actions taken (or not taken) or events occurring (or not occurring) after the

date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement as bond counsel terminates upon the issuance of the Bonds.

With respect to the opinions expressed herein, the enforceability of the Indenture is subject to the limitations on the imposition of certain fees and charges by the Authority related to its municipal water system under Articles XIIIIC and XIIID of the California Constitution. In addition, the rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In rendering this opinion, we have relied upon certifications of the Authority and others with respect to certain material facts. Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (the “Disclosure Certificate”) is executed and delivered by the LA HABRA UTILITY AUTHORITY (the “Authority”) in connection with the issuance by the Authority of its \$ _____ *La Habra Utility Authority (Orange County, California) Water Refunding Revenue Bonds, Series 2025 (the “2025 Bonds”). The 2025 Bonds will be issued pursuant to a Water Revenue Bond Indenture, dated as of December 1, 2010, by and between the Authority and the Trustee (the “Original Indenture”), a First Supplemental Water Revenue Bond Indenture, dated as of December 1, 2010 (the “First Supplement”), by and between the Authority and the Trustee, a Second Supplemental Water Revenue Bond Indenture, dated as of October 1, 2013 (the “Second Supplement”), by and between the Authority and the Trustee, a Third Supplemental Water Revenue Bond Indenture, dated as of November 1, 2019 (the “Third Supplement”), by and between the Authority and the Trustee, and a Fourth Supplemental Water Revenue Bond Indenture, dated as of March 1, 2025 (the “Fourth Supplement”), by and between the Authority and the Trustee. The Original Indenture, the First Supplement, the Second Supplement, the Third Supplement and the Fourth Supplement are referred collectively as the “Indenture”). The Authority covenants and agrees as follows:

Section 1. **Definitions.** In addition to the definitions set forth above and, in the Bond Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means the March 31 after the end of the Authority’s fiscal year.

“*Dissemination Agent*” shall mean, initially, Urban Futures Incorporated, or any successor Dissemination Agent designed in writing by the Authority, and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

“*Fiscal Year*” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period under a Certificate of the Authority filed with the Trustee.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the Authority in connection with the issuance of the 2025 Bonds.

“*Participating Underwriter*” means Oppenheimer & Co. Inc., the original underwriter of the 2025 Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

“*Significant Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

* Preliminary, subject to change.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the holders and beneficial owners of the 2025 Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2- 12(b)(5).

Section 3. Provision of Annual Reports.

(a) The Authority shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2026, with the report for fiscal year 2024-25 provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the Authority shall provide the Annual Report to the Dissemination Agent (if other than the Authority). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Authority) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Authority to determine if the Authority is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Authority may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the Authority's fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(b). The Authority shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Authority hereunder.

(b) If the Authority does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Authority in a timely manner shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Authority, file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Authority's Annual Report shall contain or incorporate by reference the following:

(a) The Authority's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Authority's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial information and operating data with respect to the Authority for preceding fiscal year, substantially similar to that provided in the Official Statement, as follows:

(i) Ten largest users of water;

- (ii) Water rates; and
- (iii) Water Accounts.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the Authority shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Authority or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Authority shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Authority shall give, or cause to be given, notice of the occurrence of any of the following Significant Events with respect to the 2025 Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Authority or other obligated person;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Authority or an obligated person, or the sale of all or substantially all of the assets of the Authority or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) The incurrence of a financial obligation of the Authority or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority or other obligated person, any of which affect security holders, if material; or

(xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Authority or other obligated person, any of which reflect financial difficulties.

(b) Whenever the Authority obtains knowledge of the occurrence of a Significant Event, the Authority shall, or shall cause the Dissemination Agent (if not the Authority) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected 2025 Bonds under the Bond Indenture.

(c) The Authority acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a) (xv) of this Section 5 contain the qualifier “if material.” The Authority shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the Authority determines the event’s occurrence is material for purposes of U.S. federal securities law. The Authority intends that the words used in paragraphs (xv) and (xvi) and the definition of “financial obligation” to have the meanings ascribed thereto in SEC Release No. 34-83885 (August 20, 2018).

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Authority’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2025 Bonds. If such termination occurs prior to the final maturity of the 2025 Bonds, the Authority shall give notice of such termination in the same manner as for a Significant Event under Section 5(b).

Section 8. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days’ written notice to the Authority.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the 2025 Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the 2025 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the 2025 Bonds in the manner provided in the Bond Indenture for amendments to the Bond Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the 2025 Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Authority to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Significant Event, in addition to that which is required by this Disclosure Certificate. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Certificate, the Authority shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Significant Event.

Section 11. Default. If the Authority fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the 2025 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Bond Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) Section 27 of the Bond Indenture is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Bond Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Authority agrees

to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Authority hereunder and shall not be deemed to be acting in any fiduciary capacity for the Authority, the Bond holders or any other party. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2025 Bonds.

(b) The Dissemination Agent shall be paid compensation by the Authority for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the 2025 Bonds and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: [Closing Date]

LA HABRA UTILITY AUTHORITY

By _____
James D. Sadro
Executive Director

ACKNOWLEDGED:

URBAN FUTURES INCORPORATED, as
Dissemination Agent

By _____
Authorized Officer

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: La Habra Utility Authority

Name of Issues: La Habra Utility Authority (Orange County, California) Water Refunding Revenue Bonds, Series 2025

Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Issues as required by the Continuing Disclosure Certificate, dated [Closing Date], furnished by the Issuer in connection with the Issue. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

URBAN FUTURES INCORPORATED, as
Dissemination Agent

By _____
Title _____

cc: Trustee

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The following description of DTC and its book-entry system has been provided by DTC and has not been verified for accuracy or completeness by the Authority, and neither the City nor the Authority shall have any liability with respect thereto. Neither the City nor the Authority shall have any responsibility or liability for any aspects of the records maintained by DTC relating to or payments made on account of beneficial ownership, or for maintaining, supervising, or reviewing any records maintained by DTC relating to beneficial ownership, of interests in the 2025 Bonds.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the 2025 Bonds. The 2025 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 certificate will be issued for each maturity the 2025 Bonds and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information presented at such website is not part of this Official Statement and is not incorporated by reference herein.

Purchases of 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2025 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2025 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 2025 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 2025 Bonds, except in the event that use of the book-entry system for the 2025 Bonds is discontinued.

To facilitate subsequent transfers, all 2025 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 2025 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 2025 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2025 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 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2025 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of 2025 Bonds may wish to ascertain that the nominee holding the 2025 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2025 Bonds within an issue 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 2025 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 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2025 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, 2025 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2025 Bond certificates will be printed and delivered to DTC.

