NEW ISSUE - FULL BOOK-ENTRY **RATING: S&P: "AAA"**
See "Rating".

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming compliance with certain covenants in the documents pertaining to the 2021 Bonds and requirements of the Internal Revenue Code of 1986, as described herein, interest on the 2021 Bonds is not included in the gross income of the owners thereof for federal income tax purposes. In the further opinion of Bond Counsel, interest on the 2021 Bonds is not treated as an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing law, interest on the 2021 Bonds is exempt from personal income taxes of the State of California. See "TAX MATTERS" herein.

$24,825,000
CITY OF BURBANK, CALIFORNIA
Burbank Water and Power
Water Revenue/Refunding Bonds, Series of 2021

Dated: Date of Delivery **Due: June 1, as shown on inside cover**

The Water Revenue/Refunding Bonds, Series of 2021 (the "2021 Bonds") are being issued by the City of Burbank (the "City") pursuant to a resolution adopted by the City Council of the City on October 26, 2021, and under the Third Supplemental Burbank Water and Power Water Revenue Bond Indenture dated as of November 1, 2021, by and between the City and U.S. Bank National Association, as trustee for the 2021 Bonds (the "Trustee"), which supplements the Burbank Water and Power Water Revenue Bond Indenture dated as of November 1, 2010 (as supplemented, the "Indenture"). See "INTRODUCTION – General."

The proceeds of the 2021 Bonds will be used to (i) finance a portion of the costs of the 2021 Water Project (as defined herein), (ii) prepay the State Water Loans (as defined herein) and (iii) pay the costs of issuing the 2021 Bonds. See "THE FINANCING PLAN."

Under the Indenture, the 2021 Bonds will be payable from and secured by Water Net Revenues (as defined herein) and by certain other funds pledged therefor under the Indenture. The general fund and the Electric Utility Fund of the City are not liable for, and neither the faith and credit nor the taxing power of the City is pledged to, the payment of the 2021 Bonds.

No debt service reserve fund is being established in connection with the issuance of the 2021 Bonds.

After issuance of the 2021 Bonds and prepayment of the State Water Loans, in addition to the 2021 Bonds, there will remain outstanding Bonds secured by a pledge of Water Net Revenues on parity with the 2021 Bonds in the aggregate principal amount of $27,945,000. Further, the City is authorized under the Indenture to incur additional obligations payable from and secured by the Water Net Revenues on parity with the 2021 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2021 BONDS" and "THE WATER SYSTEM."

The 2021 Bonds will bear interest at the rates shown on the inside cover page, payable semiannually on June 1 and December 1 of each year, commencing on June 1, 2022, and will be issued in fully-registered form without coupons in integral multiples of $5,000. The 2021 Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of the 2021 Bonds will not receive certificates representing their interests in the 2021 Bonds. Payments of the principal of, premium, if any, and interest on the 2021 Bonds will be made to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the 2021 Bonds. See "THE 2021 BONDS – Book-Entry Only System."

The 2021 Bonds are subject to redemption prior to maturity. See "THE 2021 BONDS – Redemption."

THE 2021 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE FROM WATER NET REVENUES, WHICH ARE WATER REVENUES (AS DEFINED HEREIN) OF THE WATER SYSTEM REMAINING AFTER THE PAYMENT OF WATER OPERATING EXPENSES (AS DEFINED HEREIN). THE 2021 BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE CITY, THE STATE OF CALIFORNIA (THE "STATE") OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION, OR A PLEDGE OF THE FAITH AND CREDIT OF THE CITY, THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE, EXCEPT TO THE EXTENT OF CERTAIN AVAILABLE MONEYS PLEDGED THEREFOR, SOLELY FROM WATER 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, PREMIUM, IF ANY, OR THE INTEREST ON THE 2021 BONDS. THE ISSUANCE OF THE 2021 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.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE OF 2021 BONDS. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE PURCHASE OF THE 2021 BONDS.

The 2021 Bonds are offered when, as and if issued and received by the Underwriter and subject to the approval as to their legality by Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the City by the City Attorney and Jones Hall, A Professional Law Corporation, San Francisco, California, Disclosure Counsel to the City, and for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. It is anticipated that the 2021 Bonds will be delivered in book-entry form through the facilities of DTC on or about November 17, 2021.

J.P. Morgan

The date of this Official Statement is: November 4, 2021.

$24,825,000
CITY OF BURBANK, CALIFORNIA
Burbank Water & Power
Water Revenue/Refunding Bonds, Series of 2021

MATURITY SCHEDULE
(Base CUSIP†: 12082)

Maturity Date (June 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2022	$855,000	5.000%	0.150%	102.611	UAS8
2023	560,000	5.000	0.280	107.242	UAT6
2024	430,000	5.000	0.320	111.824	UAU3
2025	470,000	5.000	0.440	115.994	UAV1
2026	510,000	5.000	0.600	119.672	UAW9
2027	560,000	5.000	0.710	123.259	UAX7
2028	605,000	5.000	0.850	126.341	UAY5
2029	665,000	5.000	1.000	128.976	UAZ2
2030	725,000	5.000	1.100	131.701	UBA6
2031	780,000	5.000	1.170	134.473	UBB4
2032	710,000	5.000	1.230	133.833 C	UBC2
2033	595,000	4.000	1.330	123.844 C	UBD0
2034	650,000	4.000	1.450	122.639 C	UBE8
2035	710,000	4.000	1.510	122.042 C	UBF5
2036	780,000	4.000	1.540	121.745 C	UBG3
2037	855,000	4.000	1.570	121.448 C	UBH1
2038	925,000	4.000	1.600	121.153 C	UBJ7
2039	1,005,000	4.000	1.630	120.858 C	UBK4
2040	1,095,000	4.000	1.660	120.564 C	UBL2
2041	840,000	4.000	1.690	120.271 C	UBM0

$4,740,000 4.000% Term Bond due June 1, 2046, Yield: 1.850%, Price: 118.721C, CUSIP†: 12082 UBN8

$5,760,000 4.000% Term Bond due June 1, 2051, Yield: 1.900%, Price: 118.241C, CUSIP†: 12082 UBP3

C: Priced to par call date of June 1, 2031.

CITY OF BURBANK

CITY COUNCIL

Bob Frutos, Mayor/Councilmember
Jess Talamantes, Vice Mayor /Councilmember
Konstantine Anthony, Councilmember
Nick Schultz, Councilmember
Sharon Springer, Councilmember

BURBANK WATER AND POWER OFFICIALS

Dawn Roth Lindell, General Manager
Richard Wilson, Assistant General Manager/Water
Bob Liu, Chief Financial Officer

BOND COUNSEL

Norton Rose Fulbright US LLP
Los Angeles, California

DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

MUNICIPAL ADVISOR

PFM Financial Advisors LLC
Los Angeles, California

TRUSTEE

U.S. Bank National Association
Los Angeles, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the 2021 Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the 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.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2021 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the City or any other parties described in this Official Statement.

Use of this Official Statement. This Official Statement is delivered in connection with the sale of the 2021 Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the 2021 Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from the City and other sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

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

Document References and Summaries. All references to and summaries of the Indenture or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the 2021 Bonds have not been registered under the Securities Act of 1933, as amended (the "**Securities Act**") in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act.

Stabilization of Prices. In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the 2021 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 2021 Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN THEIR EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

Website. The City maintains a website and certain social media accounts; however, the information presented on the website and such social media accounts is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2021 Bonds.

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OFFICIAL STATEMENT

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CITY OF BURBANK, CALIFORNIA
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INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering to potential investors is made only by means of the entire Official Statement.

Capitalized terms used but not defined in this Official Statement have the meanings set forth in the Indenture (as defined below). See "APPENDIX C – Summary of Certain Provisions of the Indenture."

General

The City of Burbank (the "**City**") is issuing its City of Burbank, California Burbank Water and Power Water Revenue/Refunding Bonds, Series of 2021 (the "2021 Bonds") under Article 12 of Chapter 4 of Title 2 of the Burbank Municipal Code, as amended (the "**Bond Law**"), a resolution adopted by the City Council of the City (the "**City Council**") on October 26, 2021 (the "**City Resolution**"), and a Third Supplemental Burbank Water and Power Water Revenue Bond Indenture, dated as of November 1, 2021, by and between the City and U.S. Bank National Association, as successor trustee (the "**Trustee**"), which supplements the Burbank Water and Power Water Revenue Bond Indenture dated as of November 1, 2010 (as supplemented, the "**Indenture**"). The 2021 Bonds will be issued in fully registered form, registered in the name of The Depository Trust Company, New York, New York ("**DTC**"), or its nominee, which will act as securities depository for the 2021 Bonds. Purchasers of the 2021 Bonds will not receive certificates representing the 2021 Bonds that are purchased. See "THE 2021 Bonds – Book-Entry Only System" and "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

The 2021 Bonds are being issued to provide funds to (i) finance a portion of the costs of the 2021 Water Project (as defined herein), (ii) prepay the State Water Loans (as defined herein), and (iii) pay the costs of issuing the 2021 Bonds. See "THE FINANCING PLAN."

The City and the Water System

The City is located in the greater metropolitan Los Angeles area approximately 12 miles northeast of the Los Angeles Civic Center complex. See "APPENDIX A – GENERAL INFORMATION ABOUT THE CITY OF BURBANK AND LOS ANGELES COUNTY." The City was incorporated as a general law city in 1911 and adopted its City Charter in 1927 (as amended, the "**City Charter**"). The City's population as of January 1, 2021 was approximately 103,969. The City provides its residents with electric, water, and sewer services and operates its own police and fire departments. The City owns and operates a potable and recycled water system which includes a water transmission and distribution system and a water treatment system (the "**Water System**").

The Water System provides service to all water customers within the City and is managed by Burbank Water and Power ("**BWP**"), a department of the City. See "BURBANK WATER AND POWER" and "THE WATER SYSTEM."

Security and Sources of Payment for the 2021 Bonds

The 2021 Bonds are payable from and secured by Water Net Revenues (as defined herein) and by certain other funds pledged therefor under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2021 BONDS." After issuance of the 2021 Bonds and prepayment of the State Water Loans, in addition to the 2021 Bonds, there will remain other outstanding Bonds secured by a pledge of Water Net Revenues on parity with the 2021 Bonds in the aggregate principal amount of $27,945,000 (see "-Outstanding Bonds and Parity Debt" below). Additionally, under the Indenture, the City may issue additional obligations on a parity with the 2021 Bonds.

THE 2021 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE FROM WATER NET REVENUES. THE 2021 BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE CITY, THE STATE OF CALIFORNIA (THE "STATE") OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION, OR A PLEDGE OF THE FAITH AND CREDIT OF THE CITY, THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE, EXCEPT TO THE EXTENT OF CERTAIN AVAILABLE MONEYS PLEDGED THEREFOR, SOLELY FROM WATER 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, PREMIUM, IF ANY, OR THE INTEREST ON THE 2021 BONDS. THE ISSUANCE OF THE 2021 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.

Outstanding Bonds and Parity Debt

The City previously issued the City of Burbank, California Burbank Water and Power Water Revenue Bonds, Series of 2010B (Taxable Build America Bonds) (the "**Series 2010B Bonds**"), which are currently outstanding in the aggregate principal amount of $27,945,000. The Series 2010B Bonds were issued pursuant to the Indenture, as supplemented by the Second Supplemental Burbank Water and Power Water Revenue Bond Indenture, dated as of November 1, 2010 (the "**Second Supplemental Indenture**"). The Series 2010B Bonds were issued primarily to finance the costs of certain improvements to the Water System. The Series 2010B Bonds are not being refunded with the proceeds of the 2021 Bonds, and are payable from and secured by the Water Net Revenues on parity with the 2021 Bonds.

Additional Bonds and Parity Debt

The City may incur additional obligations payable from and secured by the Water Net Revenues on parity with the 2021 Bonds subject to the terms and conditions set forth in the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2021 BONDS – Additional Water System Revenue Obligations".

No Reserve Fund

No debt service reserve fund will be established to secure the 2021 Bonds.

Rate Covenant

The City covenants in the Indenture that it will prescribe, revise and collect such charges for the services, facilities and water furnished by the Water System during each fiscal year that are sufficient to satisfy specific obligations of the Water System and provide Water Net Revenues at least equal to 1.20 times the amount of the Annual Debt Service. See "SECURITY FOR THE 2021 BONDS – Rate Covenant."

Continuing Disclosure

In connection with the issuance of the 2021 Bonds, the City will covenant for the benefit of owners of the 2021 Bonds to provide certain financial information and operating data relating to the City. See "CONTINUING DISCLOSURE" and "APPENDIX E – Form of Continuing Disclosure Agreement."

Other Matters

The summaries of and references to documents, statutes, reports and other instruments referred to in this Official Statement do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each document, statute, report or instrument. The capitalization of any word not conventionally capitalized or otherwise defined in this Official Statement indicates that such word is defined in a particular agreement or other document and, as used in this Official Statement, has the meaning given it in such agreement or document. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

THE FINANCING PLAN

The 2021 Bonds are being issued to provide funds to (i) finance a portion of the costs of the 2021 Water Project (as defined below), (ii) prepay the State Water Loans (as defined below), and (iii) pay the costs of issuing the 2021 Bonds.

The 2021 Water Project

A portion of the proceeds of the 2021 Bonds will be used to finance (including by reimbursing the City for certain previously incurred expenditures) a portion of the costs of certain improvements to the Water System, including but not limited to distribution system pipeline replacements, pump station rehabilitation, reservoir replacement, recycled water system storage, and other upgrades to the Water System or such other and additional facilities as the City determines to substitute therefor (the "**2021 Water Project**").

Prepayment of State Water Loans

The City has previously entered into the following four loan agreements with the California State Water Resources Control Board under the State Revolving Fund loan program, which provided funds for improvements to the Water System: (i) a loan to finance upgrades to the recycled water pumping station PS-1 (the "**Recycled Water Pump Station PS-1 Loan**") currently outstanding in the amount of $303,954, (ii) a loan to finance the construction of the Valhalla recycled water main extension (the "**Valhalla Water Extension Loan**") currently outstanding in the amount of $2,129,923, (iii) a loan to finance the construction of the Studio District recycled water distribution system (the "**Studio District Loan**") currently outstanding in the amount of $1,938,442, and (iv) a loan to finance the construction of the Northern Burbank main extension (the "**Northern Burbank Loan**" and, together with the Recycled Water Pump Station PS-1 Loan, the Valhalla Water Extension Loan, and the Studio District Loan, the "**State Water Loans**") currently outstanding in the aggregate amount of $1,157,751.

A portion of the proceeds of the 2021 Bonds, along with cash on hand of the City, will be applied by the City, on or around the date of delivery of the 2021 Bonds, to prepay in full the installment payments required to be made by the City to the State Water Resources Control Board in connection with the State Water Loans.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds relating to the 2021 Bonds are as follows:

Sources:	
Principal Amount	$24,825,000.00
Plus Original Issue Premium	5,047,773.50
Cash on Hand of the City	482,557.92
Total Sources	$30,355,331.42
Uses:	
Deposit to 2021 Water System Fund	$24,500,000.00
Prepayment of State Water Loans	5,589,396.14
Costs of Issuance (1)	265,935.28
Total Uses	$30,355,331.42

(1) Represents funds to be used to pay costs of issuance, which include legal fees, Municipal Advisor fees, Underwriter's discount, trustee fees, printing costs, rating agency fees and other miscellaneous expenses.

THE 2021 BONDS

This section provides summaries of the 2021 Bonds and certain provisions of the Indenture. See APPENDIX C for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX C.

General

Bond Terms. The 2021 Bonds will be dated their date of delivery and issued in fully registered form without coupons in integral multiples of $5,000. The 2021 Bonds will mature in the amounts and on the dates, and bear interest at the annual rates, set forth on the inside cover page of this Official Statement.

Payments of Principal and Interest. Interest on the 2021 Bonds will be payable commencing on June 1, 2022 and semiannually thereafter on December 1 and June 1 (each an "**Interest Payment Date**") of each year 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 15th day (whether or not a Business Day) of the calendar month immediately preceding such interest payment date (each a "**Record Date**"); provided, that upon the written request of an Owner of one million dollars ($1,000,000) or more in aggregate principal amount of the 2021 Bonds received by the Trustee prior to the applicable Record Date (which such request shall remain in effect until rescinded in writing by such Owner), interest shall be paid by wire transfer in immediately available funds.

Interest on the 2021 Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless: a 2021 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date; a 2021 Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date; or interest on any 2021 Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest with respect to the 2021 Bonds will be computed on the basis of a 360-day year composed of twelve 30-day months. The principal of and premium, if any, on the 2021 Bonds will be payable when due upon presentation thereof at the Corporate Trust Office of the Trustee, in lawful money of the United States of America.

While the 2021 Bonds are subject to the book-entry system, payments of principal, premium, if any, and interest will be paid by the Trustee to DTC for subsequent disbursement to beneficial owners of the 2021 Bonds. See "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Transfer, Registration and Exchange

See "APPENDIX C – Summary of Certain Provisions of the Indenture" for a description of the provisions of the Indenture relating to the transfer, registration and exchange of the 2021 Bonds.

Redemption

Optional Redemption. The 2021 Bonds maturing on or before June 1, 2031, are not subject to optional redemption prior to their respective stated maturity dates. The 2021 Bonds maturing on or after June 1, 2032, are subject to redemption prior to their respective stated maturities, as a whole or in part on any date (by such maturities as may be specified by the City and by lot within a maturity), on or after June 1, 2031, at a Redemption Price equal to 100% of the principal amount of the 2021 Bonds to be redeemed, plus accrued interest to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The 2021 Bonds maturing on June 1, 2046 shall also be subject to redemption prior to their stated maturity, in part, from mandatory sinking fund payments as specified below, commencing on June 1, 2042, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption without premium.

Term 2021 Bonds Due June 1, 2046

Mandatory Sinking Fund Payment Dates (June 1)	Mandatory Sinking Fund Payments
2042	$875,000
2043	910,000
2044	945,000
2045	985,000
2046†	1,025,000

† Final Maturity.

The 2021 Bonds maturing on June 1, 2051 shall also be subject to redemption prior to their stated maturity, in part, from mandatory sinking fund payments as specified below, commencing on June 1, 2047, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption without premium.

Term 2021 Bonds Due June 1, 2051

Mandatory Sinking Fund Payment Dates (June 1)	Mandatory Sinking Fund Payments
2047	$1,065,000
2048	1,105,000
2049	1,150,000
2050	1,195,000
2051†	1,245,000

† Final Maturity.

Selection of 2021 Bonds for Redemption. If less than all of the 2021 Bonds are to be redeemed, the maturities of the 2021 Bonds to be redeemed will be selected by the City. If less than all of the 2021 Bonds of any maturity are to be redeemed, the Trustee will select the 2021 Bonds to be redeemed, from all 2021 Bonds of the respective maturity 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 will promptly notify the City in writing of the 2021 Bonds so selected for redemption.

Notice of Redemption; Rescission

The City will notify the Trustee at least forty-five (45) days prior to the redemption date for 2021 Bonds pursuant to the Indenture (or such shorter time as may be agreed to by the Trustee). Notice of redemption will be mailed by the Trustee, not less than twenty (20) nor more than sixty (60) days prior to the redemption date, (i) to the respective Owners of any 2021 Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee by first-class mail, (ii) to the Securities Depository by facsimile or other electronic means of communications and by first-class mail, and (iii) to the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board, at www.emma.msrb.org, by electronic means of communication, or to such other securities depositories or information services as the City may designate in a Request of the City delivered to the Trustee. Notice of redemption will be given in the form and otherwise in accordance with the terms of the Indenture.

The City has the right to rescind any notice of the optional redemption of any 2021 Bonds by written notice to the Trustee on or prior to the dated fixed for such redemption. Any notice of optional redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2021 Bonds then called for redemption, and such cancellation will not constitute an Event of Default. The City and the Trustee will have no liability to the Owners or any other party related to or arising from such rescission of notice of redemption. The Trustee will provide notice of rescission of redemption in the same manner as the original notice of redemption was provided.

Effect of Redemption

Notice of redemption having been given as provided in the Indenture, and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the 2021 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the 2021 Bonds (or portions thereof) so called for redemption will 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 2021 Bonds so called for redemption will cease to accrue, such 2021 Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of such 2021 Bonds will have no rights in respect thereof except to receive payment of such Redemption Price and accrued interest.

Book-Entry Only System

The 2021 Bonds will be issued as fully registered bonds in book-entry only form, registered in the name of Cede & Co. as nominee of DTC, and will be available to ultimate purchasers in the integral multiples of $5,000, under the book-entry system maintained by DTC. While the 2021 Bonds are subject to the book-entry system, the principal, interest and any prepayment premium with respect to a 2021 Bond will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the 2021 Bonds. Purchasers of the 2021 Bonds will not receive certificates representing their interests therein, which will be held at DTC.

At any time that the 2021 Bonds are not subject to the book-entry system, the principal and premium, if any, with respect to each 2021 Bond is payable upon surrender of such 2021 Bond at the Office of the Trustee in Los Angeles, California, upon maturity or the earlier redemption thereof.

See "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM" for further information regarding DTC and the book-entry system.

DEBT SERVICE SCHEDULE

The table below shows annual debt service payments on the outstanding Series 2010B Bonds (net of the projected federal Build America Bond subsidy) and the 2021 Bonds, assuming no optional redemption.

Year Ending June 1	Series 2010B Bonds Debt Service(1)(2)	2021 Bonds Principal	2021 Bonds Interest(2)	Total Debt Service(2)
2022	$1,050,761	$855,000	$572,138	$2,477,899
2023	1,900,761	560,000	1,018,950	3,479,711
2024	2,072,909	430,000	990,950	3,493,859
2025	2,073,504	470,000	969,450	3,512,954
2026	2,072,951	510,000	945,950	3,528,901
2027	2,070,579	560,000	920,450	3,551,029
2028	2,071,694	605,000	892,450	3,569,144
2029	2,066,106	665,000	862,200	3,593,306
2030	2,064,005	725,000	828,950	3,617,955
2031	2,065,202	780,000	792,700	3,637,902
2032	2,199,507	710,000	753,700	3,663,207
2033	2,381,813	595,000	718,200	3,695,013
2034	2,380,039	650,000	694,400	3,724,439
2035	2,375,807	710,000	668,400	3,754,207
2036	2,374,115	780,000	640,000	3,794,115
2037	2,369,775	855,000	608,800	3,833,575
2038	2,370,742	925,000	574,600	3,870,342
2039	2,368,601	1,005,000	537,600	3,911,201
2040	2,363,354	1,095,000	497,400	3,955,754
2041	--	840,000	453,600	1,293,600
2042	--	875,000	420,000	1,295,000
2043	--	910,000	385,000	1,295,000
2044	--	945,000	348,600	1,293,600
2045	--	985,000	310,800	1,295,800
2046	--	1,025,000	271,400	1,296,400
2047	--	1,065,000	230,400	1,295,400
2048	--	1,105,000	187,800	1,292,800
2049	--	1,150,000	143,600	1,293,600
2050	--	1,195,000	97,600	1,292,600
2051	--	1,245,000	49,800	1,294,800
Total	$40,692,227	$24,825,000	$17,385,888	$82,903,115

(1) Presented net of projected federal Build America Bond subsidy, assuming current federal sequestration reduction rate of 5.7%.
(2) Rounded to nearest dollar.

SECURITY AND SOURCES OF PAYMENT FOR THE 2021 BONDS

This section provides summaries of the 2021 Bonds and certain provisions of the Indenture. See APPENDIX C for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX C.

The principal of and interest on the 2021 Bonds are not a debt of the City (except to the limited extent described in this Official Statement), nor a legal or equitable pledge, charge, lien or encumbrance, upon any of their respective property, or upon any of its income, receipts, or revenues except the Water Net Revenues and other amounts pledged under the Indenture.

Pledge of Water Net Revenues

Pursuant to the Indenture, the City has irrevocably pledged Water Net Revenues to secure the payment of the principal or Redemption Price of and interest on the Bonds, including the 2021 Bonds, and all Parity Debt. The City has also pledged to the Bonds (including the 2021 Bonds) all amounts held by the Trustee under the Indenture (except for amounts held in the Rebate Fund) subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. The pledge under the Indenture constitutes a first lien on the Water Net Revenues and the pledged amounts held by the Trustee under the Indenture.

"Bonds" means the Series 2010B Bonds, the 2021 Bonds and any additional bonds authorized by, and at any time outstanding pursuant to, the Indenture.

"Parity Debt" of the Water System means any indebtedness, installment sale obligation, lease obligation or other obligation of the City for borrowed money or interest rate swap agreement having an equal lien and charge upon the Water Net Revenues, therefore payable on a parity with the Bonds (whether or not any Bonds are outstanding).

"Water Net Revenues" means the amount of Water Revenues of the Water System remaining after the payment therefrom of the Water Operating Expenses.

"Water Revenues" means all the revenues from rates, fees and charges for providing water service to persons and real property and all other fees, rents and charges and other revenues derived by the City from the ownership, operation, use or service of the Water System, including contributions in aid of construction; provided, that the City may by election in a Supplemental Indenture relating to a Series of Bonds or Parity Debt exclude from Water Revenues any Subsidy Payment. Pursuant to the Second Supplemental Indenture, the City has elected to exclude from Water Revenues all Subsidy Payments relating to the Series 2010B Bonds. See the definition of "Debt Service" in "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions" and" – Debt Service Fund."

"Water Operating Expenses" means the amount required to pay the expenses of management, repair and other costs necessary to operate, maintain and preserve the Water System in good repair and working order, including but not limited to, the expenses of conducting the Water System, but excluding depreciation.

Limited Obligations

The Bonds (including the 2021 Bonds) are special, limited obligations of the City payable from Water Net Revenues. The 2021 Bonds shall not be deemed to constitute a debt or liability of the City, the State or of any political subdivision thereof within the meaning of any constitutional or statutory limitation, or a pledge of the faith and credit of the City, the State or of any political subdivision thereof, but shall be payable, except to the extent of certain moneys pledged under the Indenture, solely from Water 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, premium, if any, or the interest on the 2021 Bonds. The issuance of the 2021 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.

See " – Additional Water System Revenue Obligations" below.

Rate Covenant

The City covenants in the Indenture that it will prescribe, revise and collect such charges for the services, facilities and water furnished by the Water System which, after making allowances for contingencies and error in the estimates, shall provide Water Net Revenues at least sufficient to pay the following amounts in the order set forth:

(1) The interest on, and principal and Redemption Price of, the outstanding Bonds and any Parity Debt as the same shall become due and payable;

(2) All payments required for compliance with the Indenture, including payments required to be made into any bond reserve fund; and

(3) All payments required to meet any other obligations of the City which are charges, liens, encumbrances upon or payable from the Water Net Revenues;

and the charges shall be fixed so that in each Fiscal Year the Water Net Revenues shall be at least equal to 1.20 times the amount of the Annual Debt Service. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Covenants – Rates and Charges."

For definitions of additional terms used in the Indenture, see "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

No Reserve Fund

No debt service reserve fund is being established in connection with the issuance of the 2021 Bonds.

Allocation of Water Net Revenues Under the Indenture

Pursuant to the Indenture, as long as any Bonds are outstanding or any Parity Debt remains unpaid, the City will deposit in a trust fund, designated as the "Water Revenue Fund," which fund the City shall establish and maintain, all Water Net Revenues, when and as received by the City. For further information regarding the allocation of revenues with respect to the Bonds, see “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Pledge of Water Net Revenues; Water Revenue Fund.”

Additional Water System Revenue Obligations

Pursuant to the Indenture, the City is precluded from issuing any obligations or securities payable in whole or in part from Water Net Revenues, except in accordance with and subject to the terms and conditions provided in the Indenture.

The Indenture permits the issuance of additional Bonds or Parity Debt upon the satisfaction of certain conditions precedent to the issuance of such additional Bonds or Parity Debt, including the delivery to the Trustee of a Certificate of the City certifying that the sum of: (1) the Water Net Revenues; plus (2) 90% of the amount by which the City projects Water Net Revenues for any period of 12 consecutive months during the 18 months immediately preceding the date on which any additional Bonds or Parity Debt will become outstanding would have been increased had increases in rates, fees and charges during such period of 12 months been in effect throughout such period of 12 months; plus (3) 75% of the amount by which the City projects Water Net Revenues will increase during the period of 12 months commencing on the date of issuance of such additional Bonds or Parity Debt due to improvements to the Water System under construction (financed from any source) or to be financed with the proceeds of such additional Bonds or Parity Debt, shall have been at least equal to 1.20 times the amount of Debt Service due within the next consecutive 12 month period on all Bonds and Parity Debt then outstanding and the additional Bonds or Parity Debt then proposed to be issued. “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

Notwithstanding the foregoing, the Indenture provides that the City may issue Bonds at any time to refund any outstanding Bonds or Parity Debt issued pursuant to the Indenture without compliance with the provisions described above.

The City may also issue or incur obligations which are payable from Water New Revenues on a basis that is junior and subordinate to the payment of the principal, premium, interest and reserve fund requirements for the Bonds and all Parity Debt without meeting the tests set forth above. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Issuance of Bonds – Limitations on the Issuance of Obligations.”

BURBANK WATER AND POWER

General

The City is a charter city, originally incorporated in 1911, and is administered by a Council-Manager form of government. Burbank's population as of January 1, 2021 was 103,969, according to the California Department of Finance. The City is located in the greater metropolitan Los Angeles area, approximately 12 miles northeast of the Los Angeles Civic Center complex. See "APPENDIX A – GENERAL INFORMATION ABOUT THE CITY OF BURBANK AND LOS ANGELES COUNTY" for additional information relating to the City.

Burbank's Public Service Department was established in 1913 under the laws of the State of California to supervise the purchase, distribution and sale of water and the generation, purchase, distribution and sale of electricity. In 2000, the name of the Public Service Department was changed to Burbank Water and Power. BWP provides service to all water and electric customers within the City and is a department provided for under the City Charter. The City owns and operates the Water System.

The funds and accounts of the Water System and the Electric System are held separately, and the funds and accounts of one system are not pledged to the other system's obligations.

Senior Management of Burbank Water and Power

BWP is under the direct management of BWP's General Manager, subject to the policy and direction of the City Council and the Burbank Water and Power Board (the "**BWP Board**") and the broad administrative direction of the City Manager. The BWP Board consists of seven members appointed by the City Council. The BWP General Manager is responsible for policy and planning relating to the operation of the Water and Electric Systems. Legal services are provided by the City Attorney's office, and various other administrative services are also provided by the City. Senior management of the Water System are as follows:

Dawn Roth Lindell, BWP General Manager, holds a Bachelor of Science degree from the University of Notre Dame and a Master's degree in Business Administration (technology-focused) from the University of Colorado, Colorado Springs. She has 20 years of utility experience in water, wastewater, gas and electric distribution as well as high voltage transmission. She led two federal multi-state regional transmission utilities and led customer service in a large municipal utility. Ms. Lindell joined Burbank Water and Power in November 2020.

Richard Wilson, Assistant General Manager/Water, Mr. Richard H. Wilson, P.E., holds a Bachelor of Science degree in Mechanical Engineering from Worcester Polytechnic Institute in Worcester, Massachusetts. He has over 30 years of design and construction experience in several industries including shipbuilding, oil, mining and public utilities, including the East Bay Municipal Utility District and the City of Vallejo. He holds licenses in both Civil and Mechanical engineering in the State of California. Mr. Wilson joined Burbank Water and Power in November 2018.

Bob Liu, Chief Financial Officer ("**CFO**"), holds a Bachelor of Science degree in Finance and a Master of Business Administration from Utah State University. Prior to joining BWP, he worked for the California Power Exchange initially in the Settlements Department and then in the Finance Department. He joined BWP in 2001 and has held the positions of Financial Analyst and Financial Planning and Risk Manager before his current CFO position. He has served as the CFO since 2006. His primary focus at BWP has been in the areas of financial reporting, budgeting, financial planning, energy risk management and capital financing.

Burbank Water and Power Board

The BWP Board consists of seven members appointed by the City Council. The BWP Board is responsible for reviewing and making recommendations for any water rate increases to the City Council. Water rate increases, if any, are customarily presented by BWP as part of the annual budget process for City Council approval.

As set forth in the Burbank Municipal Code, the BWP Board has the following powers and duties:

(1) To review and make recommendations on all capital improvements which require City Council approval;

(2) To review and make recommendations on purchase power agreements with terms of more than five years;

(3) To review and make recommendations regarding BWP's annual budget;

(4) To review and make recommendations regarding electric and water rates;

(5) To approve all contract awards for goods, services and public work construction projects which are provided for in BWP's annual budget; and

(6) To perform such advisory functions as delegated to it by the provisions of the Burbank Municipal Code or other action of the City Council or the General Manager of BWP.

The present members of the BWP Board and their terms of appointment are as follows:

Name	Position	Term Expires July 31,
Robert Brody	Chairperson	2022
Ryan Ford	Vice-Chairperson	2022
Cynthia LaCamera	Member	2024
Justin Bardin	Member	2022
Philippe Eskandar	Member	2024
Paul Herman	Member	2024
Jordan Smith	Member	2024

Employee Relations

As of June 30, 2021, 53 full-time equivalent Burbank employees were assigned to the Water System. Certain functions supporting the Water System's operations, including but not limited to, meter reading, customer billing and collection, finance, administration, and operations technology are performed by BWP staff.

All BWP employees fall into one of four categories:

- Those represented by Local No. 18 of the International Brotherhood of Electrical Workers ("**IBEW**");
- Those represented by the Burbank City Employees' Association ("**BCEA**"), which is affiliated with the American Federation of State, County and Municipal Employees as Local No. 3143;
- Those represented by the Burbank Management Association ("**BMA**"); and
- Those that are unrepresented.

All labor contracts are current, with the BCEA and BMA labor contracts expiring on June 30, 2022 and the IBEW labor contract expiring on June 30, 2023. There have been no strikes or other material work stoppages by BWP employees within the last five years.

Pension Plan and Other Post-Employment Employee Benefits for Employees of the Water System

The City's defined benefit pension plan, the Public Employees Retirement System ("**PERS**"), provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries, including City employees assigned to the Water System. PERS is part of the Public Agency portion of the California Public Employees Retirement System ("**CalPERS**"), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State. A menu of benefit provisions, as well as other requirements, is established by state statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. 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 at www.calpers.ca.gov. *The foregoing internet address is included for reference only, and the information on the internet site is not incorporated by reference herein.*

Employees of the Water System participate in the City's CalPERS Miscellaneous Plan (the "**Miscellaneous Plan**"). City active plan members in the Miscellaneous Plan hired prior to January 1, 2013 are required to contribute 8% of their annual covered salary effective July 1, 2008. Miscellaneous Plan members hired on or after January 1, 2013 and who have no prior membership in any California public retirement system ("**PEPRA Employees**") are required to contribute 6.50% of their annual covered salary; the entire 6.50% is paid by such employees. All PEPRA Employees pay their full employee contribution. The City no longer pays for any employee contributions for any bargaining group.

The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The City is required to contribute at an actuarially determined rate for the normal cost and a flat dollar amount for the required unfunded liability contribution. In Fiscal Year 2020-21, Burbank contributed 41.94% of annual covered payroll. The contribution requirements of plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS. The Water System is allocated its portion of the required contributions. Approximately 5.54% of the City's PERS obligations are allocated to the Water System. The City contributed 100% of the portion of the employer's actuarially required contribution allocable to the Water System from the Water Utility Fund for the Fiscal Years ending June 30, 2018, June 30, 2019, June 30, 2020 and June 30, 2021 in the amounts of $1,029,000, $1,056,000, $1,365,000, and $1,037,000, respectively. The City has budgeted to contribute $1,026,102 in Fiscal Year 2021-22. In addition to the annual required contribution, the Water Utility Fund also made an additional voluntary lump sum payment of $440,000 to CalPERS to reduce the City's unfunded actuarial liability during the fiscal year. Fiscal Year 2019-20 was the first year of a multi-year citywide funding plan to reduce future pension obligations.

In Fiscal Year 2014-15, the City implemented Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27" ("**GASB No. 68**") and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68" ("**GASB No. 71**"). GASB No. 68 and GASB No. 71 establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pension plans, GASB No. 68 and GASB No. 71 identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As of June 30, 2021, the proportionate share of Burbank's net pension liabilities allocable to the Water System was reported to be $12,218,000 (measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures). The Water System's proportionate share of the Net Pension Liabilities was 5.54% of the Net Pension Liabilities for the City's Miscellaneous Plan as a whole in Fiscal Year 2020-21. For the Fiscal Year ended June 30, 2021, Burbank's Miscellaneous Plan Net Pension Liability as a percentage of covered-employee payroll was 274.83%. The Miscellaneous Plan Net Pension Liability as a percentage of the Total Pension Liability for Burbank's Miscellaneous Plan was 76.99% for such Fiscal Year.

Post-Retirement Health Care Plans. The City also administers certain post-employment health care benefits under the Burbank Employees Retiree Medical Trust ("**BERMT**"), the Utility Retiree Medical Trust ("**URMT**"), and the CalPERS Public Employees' Medical and Hospital Care Act ("**PEMHCA**") plan. The Water System contributes to the City's OPEB costs based upon the results of actuarial studies.

BERMT is a single-employer, defined benefit plan that was established in April 2003 by the City's employee associations to provide post-retirement medical benefits to all non-safety employees, including elected and appointed officials. The trust is managed by a board consisting of seven voting members from the various employee associations, each appointed to three-year terms and an eighth, non-voting, member appointed by the City. Represented plan members are required to contribute $50 per bi-weekly pay period, which the City matches. Plan provisions and contribution requirements are established by and may be amended by the BERMT board. Investments are determined by the BERMT plan trustees and are governed by the Employee Retirement Income Security Act of 1974. To be eligible, members must be retired and have reached age 58 with a minimum of five years of contributions into the plan. The benefit provided ranges from $150 to $630 in reimbursements per month for eligible medical expenses. The Water System is allocated its portion of the required contributions. For the Fiscal Year ended June 30, 2021, the allocable portion of the City's contributions to BERMT paid from the Water Utility Fund totaled $32,550.

The PEMHCA Plan was established with CalPERS as a single-employer plan. The City pays the required PEMHCA minimum contribution for all miscellaneous and safety employees retiring directly from the City. The 2021 PEMHCA minimum contribution was $143 per month. In addition, the City paid $100 per month for 15 management retirees and paid $188 per month for nine IBEW retirees. For these management/IBEW retirees, the PEMHCA minimum required contribution of $143 is paid in addition to the retiree health contribution amounts. The PEMHCA benefit provisions are established and amended through negotiations between the City and its employee associations. The Water System is allocated its portion of the required contributions. For the Fiscal Year ended June 30, 2021, the allocable portion of the City's contributions to the PEMHCA plan paid from the Water Utility Fund totaled $63,329. As of June 30, 2020 (the most recent actuarial valuation date), the PEMHCA plan had a funded ratio of 65%.

The URMT, an agent multiple employer plan, was established during the 2008-09 fiscal year for IBEW members and 15 management employees as a supplement to benefit payments from BERMT and PEMHCA. The total target benefit is $1,200/month for individuals age 50 to age 64 and $750/month for those age 65 and above, with the exception that for qualifying employees who retire after December 16, 2015 and who have not contributed to Medicare while employed at the City and who are also not otherwise eligible for premium-free Medicare Part A at age 65 and older, the maximum amount at age 65 and older shall be $975/month, including payments from BERMT, the PEMHCA minimum, and the URMT. For the Fiscal Year ended June 30, 2021, the City's annual required contribution for the URMT was $170,000, which was payable from the City's Electric Utility Fund. As of June 30, 2020 (the most recent actuarial valuation date), the URMT had a funded ratio of 92.5%.

In Fiscal Year 2017-18, the City implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefit Other Than Pension Plans" ("**GASB No. 75**"). GASB No. 75 replaces the requirements of Statements No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", as amended, and No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", for OPEB. GASB No. 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit OPEB, GASB No. 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB are also addressed. As of June 30, 2021, the proportionate share of the City's net OPEB liabilities allocable to the Water System was $451,000.

Additional information on the City's pension and OPEB plans is provided in the notes in the audited financial statements presented in APPENDIX B to this Official Statement and in the City's Comprehensive Annual Financial Report.

Insurance

The City is self-insured and self-administered for certain exposures through Risk Management, a division of the Management Services Department of the City. The City is self-insured for individual claims up to $2,000,000 for worker's compensation, and $1,000,000 for general liability. Since July 1, 2004, the City has been a member in Authority for California Cities Excess Liability (ACCEL), which is a risk sharing pool for municipal excess liability. Each individual member self-insures all general liability losses for the first $1,000,000 and the members of the pool share losses between $1,000,000 and $10,000,000. The members jointly purchase additional layers of coverage beyond the pooled layer, with the City purchasing an additional $45,000,000 of excess coverage, for total coverage of $55,000,000. The layers of coverage above $10,000,000 are not pooled, but rather jointly purchased. The City's worker's compensation coverage is purchased through a pooling agreement, with the City self-insuring the first $2,000,000 of each loss and the pool covering the losses to statutory limits.

THE WATER SYSTEM

Overall Description of the Water System

General. The Water System provides both potable water and recycled water for non-drinking uses such as landscaping irrigation. The Water System provides service to all water customers within the City. For the Fiscal Year ended June 30, 2021, the City estimates the average number of retail customers (potable and recycled) of the Water System was approximately 26,834 and the total amount of water sold (potable and recycled) to customers was approximately 18,384 acre-feet.

Potable Water. The City's potable water requirements are met with treated local groundwater and water purchased from The Metropolitan Water District of Southern California ("**MWD**"), a regional water wholesaler. See "– Water Supply" below.

The potable water system is an integrated water system consisting of groundwater extraction and production (pumping and blending), treatment, transmission and distribution facilities. The potable water system has 11 pressure zones and is divided into three primary pressure zones and eight hillside pressure zones. There are approximately 276 miles of pipe, ranging in size from 3 inches to 30 inches in diameter, approximately 1,869 fire hydrants, connected for general fire protection service, and 13 booster stations with 27 booster pumps for the distribution of water to the various zones. Potable water storage consists of eight concrete reservoirs, one concrete forebay, and 14 steel water tanks with a capacity of approximately 169.5 acre-feet. The average potable daily use for the last five years was approximately 43.6 acre-feet and the maximum demand was about 60.8 acre-feet per day. The annual average potable water sales for the last five years was approximately 15,057 acre-feet per year.

Recycled Water. Wastewater generated within the City is treated at the Burbank Water Reclamation Plant. This water is treated to "tertiary levels", meaning it can be used for non-potable uses. BWP delivers recycled water for landscape irrigation, power plant use, commercial uses, golf course irrigation, and water truck filling. The City's recycled water system consists of transmission and distribution facilities divided into eight pressure zones. The recycled water distribution system has seven pumping stations with 23 booster pumps. Recycled water storage consists of six storage tanks, with a capacity of approximately 5.4 acre-feet. The recycled water distribution system has approximately 35 miles of pipeline in service, including approximately 5% repurposed old potable mains, ranging from 4 to 16 inches in diameter. Average recycled daily water use in Fiscal Year 2020-21 was 8.3 acre-feet. Average recycled water sales in the last five years were approximately 3,014 acre-feet per year.

Water Supply

General. The City does not have ownership rights to the naturally occurring groundwater underneath the City. Instead, the primary potable water supply for the City is imported water from

MWD. The purchase of water from MWD is the largest expense of the Water Enterprise Fund. See " – Historical Cost of Imported Water" below.

MWD obtains its water supply from multiple sources, including primarily the Colorado River, through the Colorado River Aqueduct, and the California State Water Project ("**SWP**"), which is a state water management project that collects water from rivers in the northern part of the State and through a network of aqueducts and pumping stations redistributes it to the southern part of the State.

Water imported from MWD may arrive treated or untreated. The treated water is ready for distribution to potable water customers. All of the imported untreated water is initially put in the Lopez and/or Pacoima Spreading Grounds, which are water conservation facilities managed by the Los Angeles County Flood Control District that provide groundwater recharge for the San Fernando Basin. Untreated water at the Lopez and Pacoima Spreading Grounds percolates into the San Fernando Basin and, as described below, the City receives credits for all of the water it deposits in the Lopez and Pacoima Spreading Grounds. Groundwater from the San Fernando Basin available to the City as a result of such credits is pumped and then treated at the Burbank Operable Unit ("**BOU**"), a groundwater treatment facility owned by the City, before distribution to customers. See also "– Water Treatment – *Burbank Operable Unit*."

In addition to untreated water purchased annually from MWD, the City also puts seasonal replenishment water from MWD when available (see "– *Other BWP Groundwater Rights* – Seasonal Replenishment Water" below) and Cyclic Storage Water received from MWD (see "– *Other BWP Groundwater Rights* – Cyclic Storage Program" below) in the Lopez and Pacoima Spreading Grounds.

The following table presents historical potable water production by source for Fiscal Years 2010-11 through 2020-21.

BURBANK WATER AND POWER
HISTORICAL POTABLE WATER PRODUCTION BY SOURCE

Fiscal Year	BOU Local Production (acre-feet)(1)	BOU Local Production (%)(1)	Imported Treated Water from MWD (acre-feet)	Imported Treated Water from MWD (%)
2011	10,513	59%	7,451	41%
2012	9,730	53	8,706	47
2013	11,395	60	7,628	40
2014	10,530	54	8,817	46
2015	9,944	59	6,901	41
2016	9,215	65	4,921	35
2017	9,691	65	5,271	35
2018	10,216	63	6,044	37
2019	9,778	63	5,865	37
2020(2)	9,329	58	6,781	42
2021(3)	12,134	73	4,449	27

(1) Approximately 60-70% of the BOU's annual local water production is from untreated water from MWD and the balance is from Import Return Credits (see "*Groundwater Supply Rights*" below).
(2) BOU availability was impacted due to a fire at an electrical substation that supplies electricity to the BOU.
(3) Relative increase in BOU local production during fiscal year 2021 is due to technological and operational changes, although the ability to operate at this higher level of production is subject to a variety of factors, including review and approval by the Environmental Protection Agency and the California Division of Drinking Water.
Source: BWP.

Imported Water. MWD is obligated to supply all of the City's water needs if so requested by the City unless MWD does not have sufficient water available to satisfy all of the water demands of its members, in which case restrictions are imposed upon the amount of water that MWD's members, including the City, may receive. See "*– Impact of Drought on the Metropolitan Water District of Southern California*" below.

Five MWD potable water service connections can supply over 100% of the City's maximum daily water demand, with a rated capacity in excess of 200 acre-feet per day. Water purchased by the City from MWD is delivered on demand and is metered at the point of delivery. During the past five fiscal years, approximately 35.6% of BWP's annual water requirement (full-service treated water) was purchased from MWD and distributed by BWP to its customers.

MWD's current rate structure provides for a member agency's agreement to purchase water from MWD by means of a voluntary purchase order. In consideration of executing its purchase order, the member agency is entitled to purchase a greater amount of water at a lower "Tier 1" water supply rate. The City's current MWD purchase order contract became effective on January 1, 2015 and expires on December 31, 2024. Under its purchase order, the City is able to purchase up to 90% of its base period demand at the Tier 1 rate. The City's current base period demand is 18,640 acre-feet. This means the City may currently purchase up to 16,776 acre-feet/year of water at the Tier 1 rate. Any water purchased from MWD during the 10-year term of the purchase order in excess of 167,760 acre-feet must be purchased at a higher "Tier 2" rate. Under its purchase order, the City may vary its purchases from MWD from year to year but agrees to purchase at least 108,910 acre-feet of water over the 10-year commitment period. See also "– Historical Cost of Imported Water" below.

Groundwater Rights Arising from the San Fernando Basin Judgment. The San Fernando Basin and the Upper Los Angeles River Area ("**ULARA**") are adjudicated according to the 1979 final judgment in a state court case entitled *City of Los Angeles vs. City of San Fernando, et al., Los Angeles County Superior Court Case No. 650079* (the "**Judgment**"), which established the ULARA Watermaster to oversee the San Fernando Basin and report on an ongoing basis to the Superior Court. The Judgment established that the City of Los Angeles owns all naturally occurring water in the San Fernando Basin but recognized that a portion of the water imported into the San Fernando Basin percolates into the groundwater table. Under the Judgment, the City has a right to pump from the San Fernando Basin 20% of all water it delivers to customers (at no cost) and is known as an import return credit ("**Import Return Credit**"). The 20% entitlement is calculated based on the total of MWD treated water, BOU-produced and treated groundwater, and recycled water sold. Unused Import Return Credits in any year can be accumulated and banked for future use. Under the Judgment, the City has an additional right to purchase credits from the City of Los Angeles to pump up to 4,200 acre-feet of groundwater per year (the "**Physical Solution**") at the City of Los Angeles's prior year average cost of water.

Other BWP Groundwater Rights.

<u>Seasonal Replenishment Water</u>. When conditions allow, the City has the ability to purchase seasonally discounted replenishment water from MWD to count toward stored groundwater credits in the San Fernando Basin. This class of water, however, has not been available since May 2007 (except in Fiscal Year 2011-12 when the reservoirs were full from the heavy precipitation in the winter of 2011), due to issues associated with litigation involving the San Francisco Bay/Sacramento-San Joaquin River Delta. When replenishment water is not available, as has been the case for the past decade, the City can purchase full service untreated water from MWD or Physical Solution water from the City of Los Angeles.

<u>Cyclic Storage Program</u>. In 2017, MWD created a Cyclic Storage Program to store water supply that was in excess of MWD's demand and storage capacity. The program allows MWD to deliver water in advance of demand to member agencies for storage in the San Fernando groundwater basin. Member agencies participating in the program are charged MWD's rate for full service untreated water in effect at the time the stored water is withdrawn and the water taken without affecting the capacity charge that would otherwise be in place. In December of 2018, BWP made an advance payment for 5,719 Acre-feet at a cost of $3.97 million of Cyclic Storage Water ("**CSW**") under this program, funded by a loan of $3.95 million from the Electric Fund. During Fiscal Year 2019-20, BWP made another advance payment for 5,609 Acre-feet at a cost of $4.1 million, partially funded by a loan of $2.5 million from the Electric Fund. As of June 30, 2021, the City had accumulated a total of 11,283 acre-feet in CSW. The City expects that Burbank ratepayers will benefit from these advance purchases of CSW by avoiding MWD's future rate increases. The interest rate for the $3.95 million loan in Fiscal Year 2018-19 is the City's pooled investment return rate with payment terms not to exceed August 2027. The interest rate for the $2.5 million loan in Fiscal Year 2019-20 is the City's pooled investment return rate with a term not to exceed 4 years. As of July 31, 2021, the monthly interest rate was 1.280%. The outstanding balance of the two loans as of June 30, 2021 was $6.45 million. The City expects to repay the loan within the next three years.

Exchange Agreement with City of Los Angeles. The City entered into an exchange agreement with the City of Los Angeles in January 2011, under which the City exchanges recycled water for groundwater credits on a one-to-one ratio. Because the right to pump groundwater from local wells is limited by stored groundwater credits, this exchange reduces the number of groundwater credits that the City must otherwise purchase or obtain. The exchange began normal operation in October 2019. During Fiscal Years 2019-20 and 2020-21, 43 acre-feet and 50 acre-feet of recycled water, respectively, was delivered to the City of Los Angeles under the exchange agreement, resulting in a corresponding increase in groundwater credits.

Groundwater Credits. The following table shows the stored groundwater credit as of June 30 in each of the five most recent fiscal years. The table does not reflect groundwater credits received under the exchange agreement with the City of Los Angeles.

BURBANK WATER AND POWER
HISTORICAL STORED GROUNDWATER CREDITS
AND CYCLIC STORAGE WATER

Fiscal Year	Groundwater Credits(1)	Cyclic Storage Water	Total Acre-Feet
2017	16,654	-	16,654
2018	17,018	5,674	22,692
2019	17,498	8,701	26,198
2020	18,598	11,283	29,881
2021	15,880	11,283	27,163

(1) Includes Import Return Credits banked from prior years.
Source: BWP.

Sustainable Groundwater Management Act. The State's Sustainable Groundwater Management Act requires qualifying local agencies to create a Groundwater Sustainability Agency and adopt a Groundwater Sustainability Plan. The San Fernando Basin is classified as a very low-priority basin and is currently not required to form a Groundwater Sustainability Agency.

Developments Affecting Water Supply.

Drought. The State has a history of experiencing periods of drought. In April 2021, Governor Newsom declared a drought state of emergency in 41 of the State's 58 counties, primarily in the northern portion of the State and in the Central Valley. In July 2021, Governor Newsom issued an executive order expanding the drought state of emergency to 50 of the State's 58 counties, not including the County. In October 2021, the Governor expanded the declaration of a drought state of emergency to all counties in the State. In connection with the declaration, the Governor called for Californians to voluntarily reduce water use by 15%. The SWP, which is one of the primary sources of water imported by MWD, is a state water management project that collects water from rivers in the northern part of the State and through a network of aqueducts and pumping stations and redistributes it to the southern part of the State. Water allocation from the SWP varies according to factors including reservoir storage, weather projections, and projected runoff into streams, reservoirs, and aquifers. These factors are impacted by precipitation that usually occurs from December through April, when California historically receives more than 90% of its snow and rain. In March 2021, due to ongoing dry conditions, the SWP allocation to MWD was reduced from 10% to 5%.

The Colorado River is the other principal source of imported water from MWD. An extended drought period is ongoing in the Colorado River Basin. On August 16, 2021, the historic Colorado River Shortage Declaration was made, with the federal Bureau of Reclamation declaring an official shortage condition due to the lowering of Lake Mead's water level behind Hoover dam to below 1,075 feet.

On August 17, 2021, in response to the extreme drought conditions impacting Southern California, MWD declared a Water Supply Alert, signaling an urgent need throughout the region to do more to reduce water use, and asked water agencies to look within their respective water shortage contingency plans to implement appropriate local actions to achieve conservation through the current drought conditions.

BWP has adopted a Water Shortage Contingency Plan ("**WSCP**") that lays out various methods for mitigating the effects of water shortages of increasing intensity in six stages. The WSCP includes voluntary and mandatory water use restrictions designed to reduce flexible water use depending on the cause, severity, and anticipated duration of the supply shortage. The WSCP details the protocols and procedures that BWP will implement at each stage of a declared water shortage to help water users comply with the shortage response actions.

On September 14, 2021, the City Council authorized the move to Stage II (three days a week watering during the months of April through October and once a week watering during the cooler months of November through March) and defined conditions to move to Stage III (two days a week watering) in compliance with the City's 2008 Sustainable Water Use Ordinance.

A long drought could interfere with the City's ability to add to its groundwater credits. However, the City currently plans to keep a reserve of 10,000 AF in groundwater credits. This would allow normal extractions to continue for approximately three years without replenishment, assuming the purchase of 4,200 acre-feet per year of Physical Solution water annually from the City of Los Angeles (see " – *Groundwater Supply Rights"* above). After that, assuming the groundwater basin still holds enough water, the City would have to negotiate the purchase of additional groundwater from the City of Los Angeles.

Beginning in 2022, BWP will prepare and submit an annual water supply and demand assessment ("**Annual Assessment**") to the California Department of Water Resources ("**DWR**") by July 1 of every year to evaluate actual forecasted near-term water supply conditions (for the next 12 months), followed by a dry year, and determine if a water shortage is imminent. If the Annual Assessment anticipates that demands will exceed available supply, the City Council will vote to determine the appropriate water shortage level and associated actions necessary to reduce demand to ensure adequate supply.

To address the possible impact of conservation measures on the Water System revenues, BWP is exploring the use of a drought surcharge that would be implemented during periods of mandatory conservation. Such a drought surcharge would be subject to approval by the City Council and the requirements of Proposition 218.

<u>Impact of Drought on MWD.</u> The MWD Official Statement described in "– Information About the Metropolitan Water District of Southern California" includes a discussion of MWD's water sources and the impact of drought conditions and environmental restrictions in Appendix A to the MWD Official Statement, which is entitled "The Metropolitan Water District of Southern California".

MWD has adopted a Water Shortage Contingency Plan (June 2021), which can be found on MWD's website: https://www.mwdh2o.com/media/21648/water-shortage-contingency-plan-june-2021.pdf.

***Although the City believes MWD is the best source of information about MWD's water sources and operational plans, and, therefore, encourages potential investors to review the MWD Official Statement and the Water Shortage Contingency Plan (June 2021), the City can provide no assurances as to the accuracy, completeness or timeliness of the such information*. See also "RISK FACTORS – Drought Conditions."**

Upgrades at Pacoima Spreading Grounds. The Pacoima Spreading Grounds, which are managed by the Los Angeles County Flood Control District, are undergoing upgrades that began in June 2021 and are expected to be completed in July 2024. Annual water spreading at the Pacoima Spreading Grounds are expected to be limited while the upgrades are being constructed. When spreading at the Pacoima Spreading Grounds is limited, the City may have access to spreading at the Lopez Spreading Grounds, although the Lopez Spreading Grounds have a spreading rate of approximately one-third that of the Pacoima Spreading Grounds. Additionally, the Lopez Spreading Grounds are anticipated to receive upgrades that will limit spreading and the City expects that there will be an approximately nine month period when spreading is unavailable at both the Lopez and Pacoima Spreading Grounds. The City's advance purchase of CSW, along with other groundwater credits, are anticipated to provide the City sufficient groundwater credits during the time the Lopez and Pacoima Spreading Grounds are unavailable. See "– *Other BWP Groundwater Rights* – Cyclic Storage Program" above.

Risk Assessment. On October 23, 2018, America's Water Infrastructure Act ("**AWIA**") was signed into U.S. law. AWIA Section 2013 requires community drinking water systems serving more than 3,300 people to develop or update risk assessments and emergency response plans ("**ERPs**"). The law specifies the components that the risk assessments and ERPs must address (including risks of failure, such as security, water quality and seismic protection, and consequences of failure) and establishes deadlines by which water systems must certify to the U.S. Environmental Protection Agency completion of the risk assessment and ERP. BWP's risk assessment was certified as complete on March 25, 2020. The findings of the risk assessment were incorporated into the City's updated emergency response plan, which was also certified as complete on September 24, 2020. The certifications were completed ahead of their respective deadlines. BWP is currently compliant with all requirements of AWIA. AWIA requires community drinking water systems to perform risk assessments and update their ERPs every five years, with BWP's next certification due in 2025.

Water Treatment

Burbank Operable Unit. The Burbank Operable Unit ("**BOU**") is an Environmental Protection Agency ("**EPA**")-led project to clean up groundwater impacted by historical industrial releases, primarily by Lockheed-Martin.

The BOU commenced operation in January 1996 to treat, blend, disinfect and pump groundwater from eight groundwater wells into the City's distribution system. In January 1998, the BOU treatment capacity from was expanded from 6,000 gallons per minute ("**gpm**") to 9,000 gpm. The treated groundwater is blended with imported MWD treated water to reduce and control the level of nitrate concentrations. In the Fiscal Year ended June 30, 2021, a total of 12,416.4 acre-feet of groundwater was treated at the BOU at a capacity of 85.5% and an average flow rate of 7,698 gpm. Of this amount, 611 acre-feet was delivered to the City of Los Angeles under the interconnection agreement (see " – *Interconnection with LADWP*" below).

BWP has overseen numerous improvements to assure the reliability of the BOU. Both the vapor phase granulated activated carbon ("**VPGAC**") and the liquid phase granulated activated carbon ("**LPGAC**") units were modified in 2004. The internal piping configuration of the LPGAC was reconfigured, and a complete redesign of the internal screens and piping of the VPGAC and the airflow patterns were completed in 2008. Boiler upgrades for onsite regeneration of the VPGAC carbon were completed in 2013. Supervisory Control and Data Acquisition upgrade and primary controller replacement were completed in 2014.

Currently planned improvements at the BOU include energy efficiency improvements, at least two new LPGAC vessels for liquid phase treatment, two replacement wells in North Hollywood, and a pipeline to bring the water from the wells to the BOU, the costs of which will be paid by Lockheed-Martin. See " – Capital Improvement Plan." Along with nitrate, other constituents of concern in the groundwater may increase and negatively impact production from BOU. It may eventually be necessary to build additional treatment processes with funding expected to come from parties found to be responsible for the contamination.

The City's drinking water permit mandates blending of the BOU water with imported MWD water to meet acceptable nitrate levels. If the MWD supply were interrupted, production of groundwater might also be impacted, although the City believes that lower nitrate levels at the BOU wells have reduced this risk.

Interconnection with LADWP. During Fiscal Year 2019-20, the construction of a "temporary interconnection" ("**LAIX**") was completed under an agreement between BWP and the Los Angeles Department of Water and Power ("**LADWP**"). This temporary interconnection uses excess capacity at the BOU when BWP demand is lower than BOU capacity. The transfer agreement stipulates that LADWP will directly pay MWD for the treated surface water used to blend with the treated groundwater and will reimburse BWP for its volumetric portion of the costs to operate, maintain, distribute and pump the water. The LAIX began normal operation in October 2019 and is expected to be superseded by a permanent intertie in the future. During Fiscal Year 2020-21, 611 acre-feet was delivered to LADWP through LAIX.

Information About the Metropolitan Water District of Southern California

On July 8, 2021, MWD issued water revenue refunding bonds (the "**2021 MWD Bonds**"). In connection with the marketing of the 2021 MWD Bonds, MWD prepared an official statement dated June 23, 2021 (the "**MWD Official Statement**"). The MWD Official Statement includes a discussion of MWD's water sources in Appendix A to the MWD Official Statement, which is entitled "The Metropolitan Water District of Southern California". ***Although the City believes MWD is the best source of information about MWD's water sources and operational plans, and, therefore, encourages potential investors to review the MWD Official Statement, the City can provide no assurances as to the accuracy, completeness or timeliness of the MWD Official Statement***. The MWD Official Statement is available on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system.

Capital Improvement Plan

The critical objectives for the Water System are reliability, public safety, water quality, and business management. Reliability addresses supply, storage and distribution. Public safety addresses fire flow and fire hydrants. Water quality focuses on maintaining water supply, treatment facilities and distribution systems to meet all applicable regulatory and legal requirements and to maintain the public's trust in the water delivered by BWP. Business management is the replacement and repair of the meters and management of water supply cost.

Regular maintenance replacements are required to maintain system reliability. A portion of the proceeds of the 2010 Bonds financed the cost of certain improvements to the Water System, including the build-out of the recycled water expansion, replacement of a water reservoir, conversion of the automatic meter infrastructures, and other improvements to the Water System. Capital projects since the issuance of the 2010 Bonds have been funded with reserves or from current revenues.

A portion of the proceeds of the 2021 Bonds is expected to be used to finance the replacement and upgrading of a pumping station, replacement of a reservoir, an accelerated pipeline replacement program, and other replacements and upgrades of facilities of the Water System, in addition to refinancing certain obligations of the Water System. The Valley Pumping Plant includes pumps that were installed in the 1940s. Of the approximately 276 miles of pipe in the Water System, 30 miles are over 100 years old and the average age of pipe is 66 years. See "FINANCING PLAN." The estimated capital spending on the Water System over the next five years is approximately $50 million, of which approximately $24.0 million is expected to be funded with proceeds of the 2021 Bonds. BWP anticipates funding the remainder on a pay-go basis. The City believes that its planned capital spending will be sufficient to maintain the Water System in efficient operating condition.

The following table is a summary of BWP's Five-Year Capital Improvement Program. The costs in the table do not include costs for BOU improvements described in "THE WATER SYSTEM – Water Treatment," because those costs are paid by Lockheed-Martin.

BURBANK WATER AND POWER
FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM FORECAST
(Fiscal Years Ending June 30)
($000s)

	2022	2023	2024	2025	2026	Total
System Replacement	$ 3,917	$ 6,369	$ 7,299	$ 3,743	$3,678	$25,006
Plant Replacement	35	35	35	35	35	175
Automation and Control	20	21	21	96	21	179
Reservoirs and Tanks	400	505	3,450	695	445	5,495
Boosters	2,824	50	175	1,500	-	4,549
Production Facilities	576	922	1,950	-	-	3,448
Miscellaneous Facilities	932	841	475	400	375	3,023
Customer Service and Other	200	119	184	40	736	1,279
Customer Projects/Aid-in-construction	392	742	394	398	401	2,327
Recycled Water	332	607	212	142	258	1,551
Capital Outlay and Other	364	928	901	463	855	3,511
Total CIP	$9,992	$11,139	$15,096	$7,512	$6,804	$50,543

Source: BWP.

Customers, Water Sales, Water Revenues and Maximum Day Demand

The City's water sales are dominated by sales to residential customers. The average number of customers, water sales in acre-feet, water revenues, and maximum day demand during the past five Fiscal Years are listed below:

BURBANK WATER AND POWER
CUSTOMERS, WATER SALES, WATER REVENUES
Fiscal Years Ended June 30,

	2017	2018	2019	2020	2021 (Unaudited)
Number of Potable Water Customers:					
Residential[1]	22,262	22,216	22,173	22,161	22,188
Commercial	3,248	3,213	3,235	3,205	3,212
Other[2]	1,138	1,145	1,160	1,171	1,184
Recycled	228	234	236	240	250
Total	26,876	26,808	26,804	26,777	26,834
Acre-Feet Sales Per Year: Potable					
Residential[1]	10,862	11,887	11,331	11,671	12,642
Commercial	3,328	3,455	3,340	3,155	2,645
Other[2]	192	225	199	183	170
Recycled	3,004	3,281	2,824	3,032	2,927
Total in Acre-Feet	17,386	18,848	17,694	18,041	18,384
Water Revenues: ($ in thousands):					
Retail[3]	$27,836	$30,565	$30,578	$32,826	$32,961
Other Operating Revenues[4]	2,702	3,518	702	955	1,064
Total	$30,538	$34,083	$31,280	$33,781	$34,025
Maximum Demand Day (Acre-Feet)	57.4	63.5	63.1	62.8	57.1

(1) Residential includes multi-family dwellings.
(2) Other includes city department water, school, fire protection, and miscellaneous users.
(3) Potable and recycled.
(4) Other operating revenues include connection fees, recycled water credits and other miscellaneous revenues.
Source: BWP.

Largest Water Customers

BWP's five largest water customers (excluding other City departments) accounted for approximately 6.42% of water sales and approximately 4.32% of water sales revenues for the Fiscal Year ended June 30, 2021. During the same period, BWP's ten largest water customers (excluding other City departments) accounted for approximately 8.28% of water sales and approximately 5.73% of water sales revenues and BWP's 25 largest water customers (excluding other City departments) accounted for approximately 10.86% of water sales and 7.89% of water sales revenues.

Water Rates and Charges

General. Subject to the requirements of Proposition 218, the City has the power to establish rates and charges as needed to operate the Water System. Pursuant to the Burbank Municipal Code, the Water System must remain self-supporting from a financial standpoint and must maintain rates sufficient to maintain its financial health. Because costs can change suddenly and materially (see, for example, the factors listed in "RISK FACTORS – Water System Expenses"), a regular review and report on rates is necessary. BWP regularly evaluates such information needed to maintain adequate rates and uses such information in its assessment of its rates. Water rates and charges are established by the City Council and are not subject to regulation by the California Public Utilities Commission (the "**CPUC**") or by any other state agency.

The City's potable water rates consist of three components: a fixed monthly water availability charge based on meter size, a tiered quantity charge based on usage, and an additional water cost adjustment charge (the "**WCAC**") based on usage.

Recycled water rates consist of two components: a fixed monthly water availability charged based on meter size and a quantity charge based on usage.

Current Water Rates. Current water rates, including the WCAC, were established by the BWP Board, and approved by the City Council as part of the annual budget process. A 4.90% increase originally scheduled to take effect in July 2020 was postponed due to the COVID-19 pandemic. See " – COVID-19 Pandemic" below. In May 2021, the City Council approved a 6.0% rate increase, spread out over three increases of 1.96% effective on October 1, 2021, January 1, 2022 and April 1, 2022. The rate increases are being phased in to allow economic recovery from the COVID-19 pandemic for the community. The following table presents current potable water rates for single-family residential service.

BURBANK WATER AND POWER
WATER RATES DURING FISCAL YEAR 2021-22
FOR SINGLE-FAMILY RESIDENTIAL SERVICE

Description	Amount	Unit/Time
Water Availability Charge		
Size of Meter:		
1” or Smaller		
Effective October 1, 2021	$15.08	Month
Effective January 1, 2022	15.38	Month
Effective April 1, 2022	15.68	Month
1-1/2”		
Effective October 1, 2021	30.14	Month
Effective January 1, 2022	30.73	Month
Effective April 1, 2022	31.33	Month
2”		
Effective October 1, 2021	48.24	Month
Effective January 1, 2022	49.18	Month
Effective April 1, 2022	50.15	Month
Quantity Charge		
First 15 Hundred Cubic Feet (“**CCF**”)		
Effective October 1, 2021	1.429	CCF
Effective January 1, 2022	1.457	CCF
Effective April 1, 2022	1.486	CCF
Next 15 CCF		
Effective October 1, 2021	1.760	CCF
Effective January 1, 2022	1.794	CCF
Effective April 1, 2022	1.829	CCF
All Additional CCF		
Effective October 1, 2021	2.216	CCF
Effective January 1, 2022	2.259	CCF
Effective April 1, 2022	2.303	CCF
Water Cost Adjustment Charge		
Effective October 1, 2021	1.941	CCF
Effective January 1, 2022	1.979	CCF
Effective April 1, 2022	2.018	CCF

Historical Rates. The Water System's base rates have changed 11 times over the last 9 years. The City provides no free water services. The following table sets forth the percentage change in overall system rates during the last 10 years.

BURBANK WATER AND POWER
PERCENTAGE CHANGE IN WATER RATES[(1)]

Effective Date	Overall System
07/01/12	4.50%
07/01/13	4.75
07/01/14	4.75
07/01/15	3.40
07/01/16	3.40
07/01/17	3.40
07/01/18	4.90
07/01/19	4.90
10/01/21	1.96
01/01/22	1.96
04/01/22	1.96

(1) Percentage change is based upon the immediately preceding rate.
Source: BWP.

The following table sets forth the weighted average billing price, factoring in fixed and usage-based charges, per hundred cubic feet of BWP's various customer classes for the five fiscal years shown.

BURBANK WATER AND POWER
WEIGHTED AVERAGE BILLING PRICE
($ per CCF)
Fiscal Year Ended June 30,

	2017	2018	2019	2020	2021
Residential[(1)]	$3.75	$3.82	$4.04	$4.21	$4.18
Commercial[(2)]	3.56	3.66	3.87	4.17	4.29
Weighted Average Potable Water Rate	3.71	3.78	4.00	4.20	4.20
Weighted Average Recycled Water Rate	2.72	2.78	2.88	2.98	3.02

(1) Residential includes multi-family dwellings.
(2) Commercial includes Large Commercial.
Source: BWP.

Billing and Collection. Water service charges are billed monthly by BWP. Electric, refuse, water and sewer service charges are issued jointly in a general utility bill. The general utility bill is due within 15 days from the date the bill is delivered or mailed. All services may be disconnected if payment is 15 days delinquent. Delinquent fees and charges may be made a lien against the property, placed on the tax roll of the county and collected in the same manner as ad valorem taxes.

As shown in the following table, delinquency rates for collection of payment for electric, refuse, water and sewer services of the City (expressed as a percentage of annual total revenues received by the City for the use of such utility systems) has been less than 1% for each of the past five fiscal years.

BURBANK WATER AND POWER
DELINQUENCY RATE AS OF JUNE 30

June 30	Delinquency Rate
2017	0.18%
2018	0.07
2019	0.22
2020	0.35
2021	0.90

Source: BWP.

See "RISK FACTORS – COVID-19 Pandemic" for information about the impact of the pandemic on the City's collection process. The City anticipates delinquencies in Fiscal Years 2019-20 and 2020-21 to be offset by reimbursements from the California Water and Wastewater Arrearage Payment Program.

Historical Cost of Imported Water

The purchase of imported water from MWD is the largest expense of the Water Enterprise Fund. The following table details the cost of imported water (both treated and untreated), including MWD fixed charges, in each of the last five fiscal years.

BURBANK WATER AND POWER
HISTORICAL COST OF IMPORTED WATER

Fiscal Year	Cost ($000s)
2017	$10,817
2018	12,015
2019	11,892
2020	12,994
2021(1)	12,102

(1) Unaudited.
Source: BWP.

Historical Water Net Revenues and Debt Service Coverage

The following table sets forth a summary of Water Net Revenues for the five Fiscal Years indicated, together with debt service coverage ratios for the outstanding 2010 Water Bonds and the State Water Loans. This information was prepared by the City on the basis of its audited financial statements for such years other than for the Fiscal Year ended June 30, 2021, which is based upon unaudited information.

BURBANK WATER AND POWER
HISTORICAL WATER NET REVENUES AND DEBT SERVICE COVERAGE
WATER SYSTEM
Fiscal Years ending June 30
(Dollar amounts in $000s)

	2017	2018	2019	2020	2021 (Unaudited)
Operating revenue:					
Retail	$27,836	$30,565	$30,578	$32,394	$32,961
Other operating [(1)]	2,702	3,518	702	955	1,064
	30,538	34,083	31,280	33,349	34,025
Total operating expenses [(2)]	23,570	26,892	24,673	27,141	26,078
Operating Income/ (Loss)	6,968	7,191	6,607	6,208	7,947
Other non-operating income: [(3)]	66	67	573	(43)	(398)
Water Net Revenues (a)	7,034	7,258	7,180	6,165	7,549
Net 2010 Bonds Debt Service [(4)] (b)	2,081	2,082	2,077	2,077	1,049
State Water Loan Pmts	597	597	598	597	598
Annual Debt Service	2,679	2,679	2,675	2,675	1,647
Rate Covenant Coverage (a)/(b)	2.63x	2.71x	2.68x	2.31x	4.58x
Revenues Available After Debt Service (a)-(b)	$4,355	$4,579	$4,505	$3,490	$5,902

(1) Other operating revenues include connection fees, recycled water credits, intergovernmental income, and other miscellaneous revenues. Other operating revenues do not include aid-in-construction.
(2) Operating expenses includes costs of imported water, costs of treating water, wages and salaries, and cost allocation from the Electric Utility Fund and the City for shared services, Operating expenses do not include depreciation, and interest expense. Operating expenses for FY 2017-18 were higher primarily due to inclusion of expenses for the construction of recycled water mains in the City of Los Angeles under the joint services agreement between BWP and LADWP. The corresponding reimbursements from LADWP were accounted for, in the operating revenues. Operating expenses for FY 2019-20 were higher primarily due to higher water supply expense attributable to MWD rate increases and higher demand as well as higher professional service expenses
(3) Other non-operating income available for debt service includes interest income and other non-operating revenues, less other non-operating expenses. Other non-operating income does not include capital contributions. For Fiscal Year 2019-20, other non-operating expenses include an additional voluntary payment to CalPERS to reduce the City's unfunded actuarial liability. The portion allocated to the Water Fund was $553,000.
(4) Represents debt service net of the federal subsidy on the Series 2010B Bonds. On June 1, 2020, the Water Utility paid $2.065 million from cash reserves for the full redemption of the 2010A Water Revenue Bonds. This amount is not included in the historical debt service.

Source: BWP.

Projected Water Net Revenues and Debt Service Coverage

The following table sets forth a five-year projection of Water Net Revenues, together with debt service coverage ratios. The projections reflect the rate increases shown in the table, inflationary increases in non-salary expenses of between 1.4% and 2% in Fiscal Years 2022-23 through 2025-26, and annual increases of 2% for salaries.

BURBANK WATER AND POWER
PROJECTED WATER NET REVENUES AND DEBT SERVICE COVERAGE
WATER SYSTEM
Fiscal Years ending June 30
(Dollar amounts in $000s)

	2022	2023	2024	2025	2026
Rate increase (1)	1.96% Oct, Jan, Apr	6%	6%	6%	6%
Potable water sales in Acre-Feet	15,230	15,281	15,333	15,384	15,436
Recycled water sales in Acre-Feet	2,971	3,176	3,156	3,186	3,196
Operating revenue: (2)					
Retail	$33,422	$36,691	$38,915	$41,354	$43,758
Other operating	855	778	800	807	814
Total operating revenue	34,276	37,469	39,715	42,161	44,571
Total operating expenses (3)	28,387	29,212	30,447	31,182	32,270
Operating Income/ (Loss)	5,890	8,257	9,268	10,978	12,301
Interest Income	170	175	219	229	236
Pension advanced payment	(530)	(533)	-	-	-
Other non-operating income:	(360)	(358)	219	229	236
Water Net Revenues	5,530	7,899	9,487	11,208	12,537
Net Debt Service (4)	2,478	3,480	3,494	3,513	3,529
Rate Covenant Coverage	2.23x	2.27x	2.72x	3.19x	3.55x
Revenues Available After Debt Service	$3,052	$4,419	$5,993	$7,695	$9,008

(1) Rate increases indicated are expected proposed rate increases and have not been approved by the City Council. Actual rate changes may differ materially from this table.
(2) Other operating revenues include connection fees, recycled water credits, intergovernmental income, and other miscellaneous revenues. Other operating revenues do not include aid-in-construction.
(3) Operating expenses include costs of imported water, costs of treating water, wages and salaries, and cost allocation from the Electric Utility Fund and the City for shared services. Operating expenses do not include depreciation, and interest expense.
(4) Presented net of projected federal Build America Bond subsidy, assuming current federal sequestration reduction rate of 5.7%.

Source: BWP.

Financial Reserves

BWP management initially developed a financial reserve policy to maintain its long-term rate stability in May 2003 and last updated it in 2017. Financial reserves were established for general operating expenses, debt repayment and capital funding, and replenishment reserves for storage when water prices are low. The financial reserve policy includes a minimum reserve and a recommended reserve. For Fiscal Year 2021-22, the minimum reserve is $9.37 million and the recommended reserve is $17.83 million. As of June 30, 2021, the balance in the reserve fund was $14.3 million.

Environmental Issues

Utilities such as the Water System are subject to continuing environmental regulation. Federal, state and local standards and procedures which regulate the environmental impact of utilities are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that the Water System or any City facility or project will remain subject to the regulations currently in effect, will always be in compliance with future regulations or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in additional capital expenditures, reduced operating levels or the shutdown of individual units not in compliance. In addition, increased environmental regulations have, and may in the future, create certain barriers to new facility development and require modification of existing facilities and may result in additional costs for affected resources. The City cannot predict at this time whether any additional legislation or rules will be enacted which will affect the City's operations, including the Water System managed by BWP, and if such laws or rules are enacted, what the costs to the City might be in the future because of such action.

The City has included information in this Official Statement about various contaminants in the water supplied to its customers, and the measures taken by the City to remove them from the water. Recently, per- and polyfluoroalkyl substances ("**PFAS**") have received significant publicity for their potential impacts on the environment and human health. Companies have voluntarily stopped using two types of PFAS (Perfluorooctanoic Acid ("**PFOA**") or Perfluorooctanesulfonic Acid ("**PFOS**")), and the City has not detected either in the City's water. The water that BWP purchases from MWD has one of the 5,000 PFAS chemicals that are in use worldwide, called Perfluorohexanoic Acid ("**PFHxA**"), at a low detection of 2.8 parts per trillion (ppt). For the past two decades, BWP has been removing the extremely low trace amounts of PFAS from its groundwater wells using a granular activated carbon-removal process as water passes through the BOU.

RISK FACTORS

The following factors, which represent certain risk factors, should be considered along with all other information in this Official Statement by potential investors in evaluating the 2021 Bonds. The following is not intended to be an exhaustive list and there can be no assurance made that other risk factors do not currently exist or will not become evident at any future time.

Revenues of the Water System; Rate Covenant Not a Guarantee

The ability of the City to pay the principal of and interest on the 2021 Bonds depends on the ability of the City to generate Water Net Revenues in the levels required by the Indenture. Although, as more particularly described herein, the City expects that sufficient revenues will be generated through the imposition and collection of service charges, impact fees, and other Water Revenues described herein, there is no assurance that such imposition of service charges, impact fees, or other Water Revenues will result in the generation of Water Net Revenues in the amounts required by the Indenture. As a result, the City's covenant does not constitute a guarantee that sufficient Water Net Revenues will be available to pay the principal of and interest on the 2021 Bonds when due.

Water Supply

The City's water supply is dependent on the reliability of imported water from MWD. The City does not have ownership rights to the naturally occurring groundwater underneath the City. Instead, the primary potable water supply for the City is imported water from MWD. See "THE WATER SYSTEM – Water Supply." The City cannot guarantee that it would be able to meet its rate covenant if the supply of imported water from MWD were to be reduced or unavailable.

Demand and Usage

There can be no assurance that the local demand for services provided by the Water System will continue according to historical levels. In addition, drought conditions and voluntary or mandatory conservation measures could decrease usage of the services of the Water System. See "–Drought Conditions." Although a decline in demand would result in certain reduced commodity expenses, such reductions would not be expected to be sufficient to fully offset the decline in revenues. Reduction in revenues resulting from a decline in demand could require an increase in rates or charges in order to produce Water Net Revenues sufficient to comply with the City's rate covenant. See "THE WATER SYSTEM – Water Rates and Charges." Rate increases could increase the likelihood of nonpayment.

Water System Expenses

There can be no assurance that the City's expenses for the Water System will be consistent with the descriptions in this Official Statement. Changes in technology, changes in quality standards, or decreased development, increases in the cost of operation, increased regulation or other expenses could require increases in rates or charges in order to comply with the City's rate covenant in the Indenture. In addition, the Water System's biggest expense – the cost of purchasing of water – is dependent upon MWD.

Statutory and Regulatory Impact

The kind and degree of water treatment is regulated, to a large extent, by the federal government and the State of California. Treatment standards set forth in federal and state law control the operations of the Water System and mandate its use of technology. If the federal government, acting through the Environmental Protection Agency, or the State of California, or additional federal or state legislation, should impose stricter water quality standards upon the Water System, the Water System's expenses could increase accordingly and rates and charges would have to be increased to offset those expenses.

It is not possible to predict the direction which federal or state regulation will take with respect to drinking water quality standards, although it is likely that both will impose more stringent standards with attendant higher costs.

Although the City has covenanted in the Indenture to prescribe, revise and collect such charges for the services, facilities and water furnished by the Water System during each fiscal year at specified levels, no assurance can be given that the cost of compliance with such laws and regulations will not materially adversely affect the ability of the City to generate Water Net Revenues in the amounts required by the Indenture and to pay the 2021 Bonds. Certain potential increasing regulatory standards could materially increase the cost to the City of providing water services.

Litigation

At any given time, there are certain claims and disputes, including those currently in litigation, that arise in the normal course of Burbank's Water System enterprise activities. In the view of BWP management, there is no litigation, present or pending, which will, individually or in the aggregate, materially impair Burbank's ability to service its Water System indebtedness or which will have a material adverse effect on the business operations of the Water System. See "LITIGATION."

COVID-19 Pandemic

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "**Pandemic**") by the World Health Organization and is currently affecting many parts of the world, including the United States and California. As a result, the United States, the State and the County declared a "state of emergency" or equivalent. Additionally, the State and the County issued "stay at home" or "Safer at Home" orders, which severely restrict the movement of residents and generally require residents to remain in their homes, in effect prohibiting non-essential workers from working outside their homes. This caused the widespread disruption of daily activities, including the closure of, among others, schools, dine-in restaurants, bars, gyms, movie theatres and other entertainment venues, certain government buildings, parks, beaches and places of worship. Beginning on June 15, 2021, the State moved beyond its prior framework, the Blueprint for a Safer Economy, and allowed indoor and outdoor activities and businesses to return to usual operations with limited exceptions for events characterized by large crowds greater than 5,000 (indoors) and 10,000 (outdoors) attendees. However, in response to changing conditions, the County announced effective July 18, 2021 that masks would again be required for all individuals while indoors in public places.

The Pandemic negatively affected travel, commerce, asset values and financial markets globally, and was widely expected to continue to negatively affect economic output worldwide and within the State and the City. Unemployment in the United States dramatically increased as a result of the Pandemic, and has only partially recovered. While federal and state governments (including California) have enacted legislation and have taken executive actions designed to mitigate the negative public health and economic impacts of the Pandemic, the City is unable to accurately predict the course of the Pandemic or whether such interventions will have the intended effects.

Total water sales have been minimally impacted by the Pandemic. A decrease in commercial sales has been offset by an increase in residential demand primarily driven by the stay at home order, as well as warmer-than-average summer temperature and a dry winter.

The Water System's billing and collection functions remain operational. See "THE WATER SYSTEM – Water Rates and Charges - *Billing and Collection*." The liquid reserves of the Water System, as of June 30, 2021, include approximately 184 days of cash on hand. The City has taken a number of steps to mitigate the impact of the Pandemic on Water System customers. These include waiving late fees and suspending service shut-offs due to nonpayment. The City is subject to periodic orders from the State government that regulate service shut-offs. The City expects to receive some relief as part of $985 million in federal funding allocated by the California legislature. The State Water Board is creating a new program, California Water and Wastewater Arrearage Payment Program ("**CWWAPP**"), to provide relief to community water and wastewater systems for unpaid bills related to the Pandemic. The funding will cover water debt from residential and commercial customers accrued between March 4, 2020 and June 15, 2021. CWWAPP will initially prioritize drinking water residential and commercial arrearages. Funding to community water systems will be disbursed through January 31, 2022.

The Water System is a designated critical sector with exemptions from the "stay-at-home" and "Safer at Home" orders. The Water System modified its work schedules, staffing, and Water System operations without material disruption during such periods. The Water System has not experienced operational issues or significant supply chain problems as a result of the Pandemic but can give no assurance that such issues will not arise in the future.

The Pandemic is ongoing and developments will continue. Given the evolving nature of the Pandemic, the City is unable to predict (i) the ultimate duration or extent of the COVID-19 outbreak; (ii) to what extent COVID-19 may adversely affect the operations of the Water System and the revenues of the Water System; (iii) to what extent COVID-19 may disrupt the local, State, national or global economy, manufacturing or supply chain, or whether any such disruption may adversely affect Water System operations and maintenance; (iv) whether or to what extent the City may provide additional deferrals, forbearances, adjustments or other relief to Water System customers or changes to its billing and collection procedures; or (v) whether any of the foregoing may have a material adverse effect on the finances and operations of the Water System. The restrictions and limitations related to COVID-19, and the current upheaval to the national and global economies, may intensify and recovery may be prolonged, potentially adversely affecting Water System revenues.

Earthquake, Flood, Wildfire or Other Natural Disasters

General. The occurrence of an earthquake, flood, fire, or other natural disaster which results in the temporary or permanent closure of major components of the Water System or results in significantly increased costs could materially adversely affect the ability of the City to operate the Water System or to generate Water Net Revenues at the levels required by the Indenture.

Seismic. The City is located in a region of seismic activity. Damage from seismic activity could occur through surface fault rupture, ground shaking, liquefaction, and landslides. Surface fault rupture is an actual cracking or breaking of the ground along a fault during an earthquake. The City contains one active fault–the Verdugo Fault, located south of the Verdugo Mountains–but no Alquist-Priolo Earthquake Fault Zone has been designated in the City. In addition to the Verdugo Fault, several other active faults in the region have the potential to cause ground shaking that would affect the City. These faults are the San Fernando Fault (northwest of the City), Sierra Madre Fault (at the base of the San Gabriel Mountains east of the City), Hollywood Fault (south of the City), Newport-Inglewood Fault (12.5 miles southwest of the City), and the Raymond Fault (6 miles southeast of the City). The San Andreas Fault, a large fault that runs nearly the entire length of California, is located approximately 27 miles to the northwest of the City. Much of the City is located atop soils susceptible to liquefaction, particularly in areas west of Interstate 5. Liquefaction risk is higher in areas where the groundwater table lies within 50 feet of the surface. Most groundwater underlying the City is deeper than 100 feet below the surface. As long as groundwater continues to be extracted in the upper Los Angeles River area and annual rainfall remains at normal levels, the City expects that groundwater levels in the City will remain deeper than 50 feet, resulting in a low risk of liquefaction for most of the City. In the City, hazards from landslides and mudslides are limited to properties at the base of undeveloped or unimproved slopes in the Verdugo Mountains. Significant earthquakes that have occurred in recent years in the Los Angeles and Burbank area, including the Northridge earthquake in 1994, that resulted in only temporary electrical outages in the Water System and, after inspection to determine the scope of any damage, only minor damage to the Water System.

See “THE WATER SYSTEM – Risk Assessment.”

It is impossible to accurately predict the cost or effect of an earthquake on the Water System or on BWP’s ability to provide uninterrupted service to all parts of its service area. In the event of a severe earthquake, however, the amount of moneys available to pay debt service on the 2021 Bonds could be reduced significantly.

Flood. Based on flood risk evaluations prepared by the Federal Emergency Management Agency (“**FEMA**”) for the City, effective September 26, 2008, most of the City is located in Zone X, which describes lands subject to the 0.2% annual (500-year) flood zone or that lie within the 100-year flood zone, but with flooding depths less than one foot. Areas of the City that are within the FEMA-mapped 100-year floodplain include: (i) a narrow area along the Lockheed Drain Channel in the vicinity of Empire Avenue and W. Vanowen Street from near the Burbank Airport eastwards towards Interstate 5, then southward in the vicinity of Victory Boulevard, (ii) a narrow area west of Victory Boulevard in the vicinity of South Main Street, and (iii) several small areas south of Highway 134 near the City’s southern boundary. In addition, there is a large area in the northeastern portion of the City mapped as Zone D, which describes areas in which flood hazards are undetermined, but possible.

Wildfire. In recent years, wildfires have caused extensive damage throughout the State. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances, entire neighborhoods have been destroyed. Two portions of the City have been categorized by the California Department of Forestry and Fire Protection (“**CALFIRE**”) as Very High Fire Hazard Severity Zones. These areas are a large area in the northeastern portion of the City, in and bordering the Verdugo Mountains, and a smaller portion at the southern end of the City that includes Warner Brothers Studios. Wildland and wildland/urban interface fires are relatively common in the Verdugo Mountains in the northeastern portion of the City and surrounding areas. In 2005, the Harvard Fire burned approximately 1,000 acres of brush within City limits before being contained, with no structures burned. In 2017, the La Tuna Fire burned in the Verdugo Mountains, including portions of the City, ultimately claiming approximately 7,200 acres and destroying 10 structures. Steep wildland and wildland/urban interface areas that have previously experienced fire damage are at higher risk of damage from mudslides.

Some believe that climate change will lead to even more frequent and damaging wildfires in the future. While the City and the Water System have not suffered direct effects of wildfire, there can be no assurance that wildfires will not affect the City and the Water System in the future, or the effects of any such wildfire, which could be material.

Drought Conditions

California is subject to droughts, including in the years 1976-77, 1987-1992, 2008-09 and 2012-16 (although drought conditions may vary significantly throughout different parts of the State). In April 2021, Governor Newsom declared a drought state of emergency in 41 of the State's 58 counties, primarily in the northern portion of the State and in the Central Valley. In July 2021, Governor Newsom issued an executive order expanding the drought state of emergency to 50 of the State's 58 counties (not including the County) and calling for Californians to voluntarily reduce water use by 15%. In October 2021, Governor Newsom expanded the executive order to include all counties in the State. The City cannot predict what effect drought conditions may have on revenues of the Water System, or whether or to what extent water reduction requirements or voluntary guidance may affect the Water System.

In March 2021, the DWR announced an adjustment to its initial SWP allocation for the 2021 water year. DWR announced that it expects to deliver 5% of requested supplies in 2021, down from the initial allocation of 10% announced in December 2020. Allocations represent the amount of SWP water that DWR will deliver for the year and are reviewed monthly based on several factors, such as water in storage, environmental requirements, and rain and snow runoff projections. For 2020, the initial SWP allocation was 10% and the final allocation was 20% in May.

On August 16, 2021, the historic Colorado River Shortage Declaration was made, with the federal Bureau of Reclamation declaring an official shortage condition due to the lowering of Lake Mead's water level behind Hoover dam to below 1,075 feet. The next day, on August 17, 2021, MWD declared a Water Supply Alert, signaling an urgent need throughout the region to do more to reduce water use, and asked water agencies to look within their respective water shortage contingency plans to implement appropriate local actions to achieve conservation through the current drought conditions. On September 14, 2021, the City Council authorized the move to Stage II of its Water Shortage Contingency Plan (three days a week watering during the months of April through October and once a week watering during the cooler months of November through March) and defined conditions to move to Stage III (two days a week watering) in accordance with the City's 2008 Sustainable Water Use Ordinance.

Major or sustained water conservation measures may reduce Water System revenues, which may necessitate increases in water rates and charges. To address the impact of conservation measures on the Water System revenues, BWP is exploring the use of a drought surcharge that would be implemented during periods of mandatory conservation. Such a drought surcharge would be subject to approval by the City Council and the requirements of Proposition 218.

Potential Impact of Climate Change

The issue of climate change has become an important factor in water resources planning. There is evidence that increasing concentrations of greenhouse gases have caused and will continue to cause a rise in temperatures around the world, which will result in a wide range of changes in climate patterns. Moreover, there is evidence that a warming trend occurred during the latter part of the 20th century and will likely continue through the 21st century. These changes will have a direct effect on water resources in the State, and numerous studies on climate and water in the State have been conducted to determine the potential impacts. Based on these studies, global climate change could result in the following types of water resources impacts in the State, including impacts on the Water System:

- Changes in the timing, intensity, and variability of precipitation, and an increased amount of precipitation falling as rain instead of as snow,

- Long-term changes in watershed vegetation and increased incidence of wildfires that could affect water quality,

- Increased water temperatures with accompanying adverse effects on some fisheries,

- Increases in evaporation and concomitant increased irrigation need,

- Changes in urban and agricultural water demand,

- Rising sea levels resulting in potential pumping cutbacks on the State Water Project, and

- Effects on the groundwater basin.

However, other than the general trends listed above, there is no clear scientific consensus on exactly how climate change will quantitatively affect water supplies available to the Water System.

Cybersecurity

The City, including the Water System, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. United States government agencies have in the past issued warnings indicating that critical infrastructure sectors such as water systems may be specific targets of cybersecurity threats.

The City believes it has implemented industry best practices and taken reasonable steps to protect against and mitigate the adverse effects of cyberattacks, including steps to harden its cybersecurity and provide training for employees in cyber awareness and the use of the City's digital networks and systems. 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 City or disrupt the operation of the Water System. There have been no detected cyberattacks that have affected the Water System.

Limited Obligations

The Bonds (including the 2021 Bonds) are special, limited obligations of the City payable from Water Net Revenues. The 2021 Bonds shall not be deemed to constitute a debt or liability of the City, the State, or of any political subdivision thereof within the meaning of any constitutional or statutory limitation, or a pledge of the faith and credit of the City, the State, or of any political subdivision thereof, but shall be payable, except to the extent of certain moneys pledged therefor under the Indenture, solely from Water 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, premium, if any, or the interest on the 2021 Bonds. The issuance of the 2021 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.

No Reserve Account

No debt service reserve account has been or will be established to secure the 2021 Bonds.

Additional Bonds or Parity Debt

Upon the issuance of the 2021 Bonds and the prepayment of the State Water Loans, the Series 2010B Bonds will be the only other outstanding obligations payable from Water Net Revenues on a parity with the 2021 Bonds. In addition, the City is permitted under the Indenture, subject to satisfaction of certain conditions, to incur future Parity Debt and additional Bonds. In the event Water Net Revenues were insufficient to pay all of the City's obligations with respect to the Bonds (including the 2021 Bonds) and any Parity Debt when due, the City would be obligated to make payments on the Parity Debt and the Bonds (including the 2021 Bonds) on a pro rata basis.

Effect of Bankruptcy

In addition to the limitations on remedies contained in the Indenture, the rights and obligations under the 2021 Bonds and the Indenture may be subject to the following: the United States 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; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State 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 2021 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights and may otherwise have material adverse consequences. The opinion of Bond Counsel notes that the rights of the owners of the 2021 Bonds and the enforceability of the 2021 Bonds and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

Articles XIIIC and XIIID of the California Constitution

General. On November 5, 1996, California voters approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State Constitution, which affect the ability of local governments to levy and collect both existing and future taxes, assessments, and property-related fees and charges. Proposition 218, which generally became effective on November 6, 1996, changed, among other things, the procedure for the imposition of any new or increased property-related "fee" or "charge," which is defined as "any levy other than an ad valorem tax, a special tax or an assessment, imposed by a [local government] upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service" (and referred to in this section as a "property-related fee or charge").

On November 2, 2010, California voters approved Proposition 26, the so-called "Supermajority Vote to Pass New Taxes and Fees Act." Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as "fees." Proposition 26 amended Articles XIIIA and XIIIC of the State Constitution. The amendments to Article XIIIA limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Proposition 26's amendments to Article XIIIC broadly define "tax," but specifically exclude, among other things:

(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.

(2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.

(3) A charge imposed as a condition of property development.

(4) Assessments and property-related fees imposed in accordance with the provisions of Article XIII D.

Property-Related Fees and Charges. Under Article XIIID, before a municipality may impose or increase any property-related fee or charge, the entity must give written notice to the record owner of each parcel of land affected by that fee or charge. The municipality must then hold a hearing upon the proposed imposition or increase at least 45 days after the written notice is mailed, and, if a majority of the property owners of the identified parcels present written protests against the proposal, the municipality may not impose or increase the property-related fee or charge.

Further, under Article XIIID, revenues derived from a property-related fee or charge may not exceed the funds required to provide the "property-related service" and the entity may not use such fee or charge for any purpose other than that for which it imposed the fee or charge. The amount of a property-related fee or charge may not exceed the proportional cost of the service attributable to the parcel, and no property-related fee or charge may be imposed for a service unless that service is actually used by, or is immediately available to, the owner of the property in question.

Initiative Power. In addition, Article XIIIC states that "the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives."

Judicial Interpretation of Articles XIIIC and XIIID. After Proposition 218 was enacted in 1996, appellate court cases and an Attorney General's opinion initially indicated that fees and charges levied for water and wastewater services would not be considered property-related fees and charges, and thus not subject to the requirements of Article XIIID regarding notice, hearing and protests in connection with any increase in the fees and charges being imposed. However, three subsequent court cases have held that water and wastewater charges could be subject to the requirements of Article XIIID under certain circumstances.

In *Richmond v. Shasta Community Services District* (2004) 32 Cal.4th 409, the California Supreme Court addressed the applicability of the notice, hearing and protest provisions of Article XIIID to certain charges related to water service. In *Richmond*, the Court held that capacity charges are not subject to Proposition 218. The Court also indicated in dictum that a fee for ongoing water service through an existing connection could, under certain circumstances, constitute a property-related fee and charge, with the result that a local government imposing such a fee and charge must comply with the notice, hearing and protest requirements of Article XIIID.

In *Howard Jarvis Taxpayers Association v. City of Fresno* (2005) 127 Cal.App.4th 914, the California Court of Appeal, Fifth District, concluded that water, sewer and trash fees are property-related fees subject to Proposition 218 and a municipality must comply with Article XIIID before imposing or increasing such fees. The California Supreme Court denied the City of Fresno's petition for review of the Court of Appeal's decision on June 15, 2005.

In July 2006 the California Supreme Court, in *Bighorn-Desert View Water Agency v. Verjil* (2006) 39 Cal.4th 205, addressed the validity of a local voter initiative measure that would have (a) reduced a water agency's rates for water consumption (and other water charges), and (b) required the water agency to obtain voter approval before increasing any existing water rate, fee, or charge, or imposing any new water rate, fee, or charge. The court adopted the position indicated by its statement in *Richmond* that a public water agency's charges for ongoing water delivery are "fees and charges" within the meaning of Article XIIID, and went on to hold that charges for ongoing water delivery are also "fees" within the meaning of Article XIIIC's mandate that the initiative power of the electorate cannot be prohibited or limited in matters of reducing or repealing any local tax, assessment, fee or charge. Therefore, the court held, Article XIIIC authorizes local voters to adopt an initiative measure that would reduce or repeal a public agency's water rates and other water delivery charges. (However, the court ultimately ruled in favor of the water agency and held that the entire initiative measure was invalid on the grounds that the second part of the initiative measure, which would have subjected future water rate increases to prior voter approval, was not supported by Article XIIIC and was therefore invalid.)

The court in *Bighorn* specifically noted that it was not holding that the initiative power is free of all limitations; the court stated that it was *not* determining whether the electorate's initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay for operating expenses, provide for repairs and depreciation of assets, 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.

In August 2013, an Orange County Superior Court judge ruled that the tiered pricing model of the City of San Juan Capistrano, which charges higher rates to customers who use more water, violates Proposition 218. The City of San Juan Capistrano appealed the decision, to the 4th District Court of Appeal, which published its decision on April 20, 2015. The court's decision found that the City of San Juan Capistrano's tiered rates were not sufficiently cost-justified, but that the Constitution does allow for tiered rates. In July 2015, the California Supreme Court denied a request to depublish the case.

The City believes that its rate structure is distinguishable from the structure deemed unconstitutional in the San Juan Capistrano case and consistent with Proposition 218 and the Constitution because the City's tiered rates correlate with the actual costs for the various tiers.

120-Day Statute of Limitations for New or Increased Water and Sewer Rates. Senate Bill 323 ("SB 323"), signed by the Governor in September of 2021, restricts challenges to new or increased water or sewer rates to 120 days after the receipt of notice of the rate increase. SB 323 applies to rates for both retail and wholesale water and sewer fees adopted or increased after January 1, 2022. Prior to the adoption of SB 323 a plaintiff seeking to challenge water or sewer rates could generally bring an action for a refund for amounts paid within the preceding year, or could seek to invalidate the rates within 3 years of payment.

Articles XIIIC and XIIID and the City's Water Rates and Charges. The City's current water rates (see "THE WATER SYSTEM – Water Rates and Charges") were adopted by resolution of the City Council on May 4, 2021, following notice to property owners and a public hearing held at least 45 days after the notice had been mailed, in compliance with Articles XIIIC and XIIID.

Further, the City believes its water rates and charges do not constitute "taxes" under Article XIIIC as revised by Proposition 26 because, as described in subsection 1(e)(7) of Article XIIIC, they are "property-related fees imposed in accordance with the provisions of Article XIIID" (and are also charges for a "property-related service" as defined in subsection 2(g) of Article XIIID) and because, as described in subsection 1(e)(2) of Article XIIIC, they are charged for water service, "a specific government service or product provided directly to the payor that is not provided to those not charged."

Conclusion. It is not possible to predict how courts will further interpret Article XIIIC and Article XIIID in future judicial decisions, and what, if any, further implementing legislation will be enacted.

Under the *Bighorn* case, local voters could adopt an initiative measure that reduces or repeals the City's rates and charges, though it is not clear whether (and California courts have not decided whether) any such reduction or repeal by initiative would be enforceable in a situation in which such rates and charges are pledged to the repayment of bonds or other indebtedness, as is the case with respect to the 2021 Bonds.

There can be no assurance that the courts will not further interpret, or the voters will not amend, Article XIIIC and Article XIIID to limit the ability of local agencies to impose, levy, charge and collect increased fees and charges for water services, or to call into question previously adopted water services rate increases.

Loss of Tax Exemption

The City has covenanted in the Indenture and the Tax Certificate that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of interest or the 2021 Bonds under Section 103 of the Internal Revenue Code of 1986. In the event the City fails to comply with the foregoing tax covenant, interest on the 2021 Bonds may be includable in the gross income of the Owners thereof for federal tax purposes retroactive to the date of issuance of the 2021 Bonds. See “TAX MATTERS.”

Secondary Market

There can be no guarantee that there will be a secondary market for the 2021 Bonds or, if a secondary market exists, that any 2021 Bonds can be sold for any particular price. Prices of bond 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. No assurance can be given that the market price for the 2021 Bonds will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the 2021 Bonds for audit examination, or the course or result of any Internal Revenue Service audit or examination of the 2021 Bonds or obligations that present similar tax issues as the 2021 Bonds.

TAX MATTERS

Federal Tax Exemption

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to the City, under existing statutes, regulations, rulings and judicial decisions, and assuming compliance by the City with certain covenants in the Indenture, the Tax Certificate and other documents pertaining to the 2021 Bonds and requirements of the Internal Revenue Code of 1986 (the “Code”) regarding the use, expenditure and investment of proceeds of the 2021 Bonds and the timely payment of certain investment earnings to the United States, interest on the 2021 Bonds is not included in the gross income of the owners of the 2021 Bonds for federal income tax purposes. Failure to comply with such covenants and requirements may cause interest on the 2021 Bonds to be included in gross income retroactive to the date of issuance of the 2021 Bonds.

In the further opinion of Bond Counsel, interest on the 2021 Bonds is not treated as an item of tax preference for purposes of the federal alternative minimum tax.

Ownership of, or the receipt of interest on, tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Bond Counsel expresses no opinion with respect to any collateral tax consequences and, accordingly, prospective purchasers of the 2021 Bonds should consult their tax advisors as to the applicability of any collateral tax consequences.

Certain requirements and procedures contained or referred to in the Indenture, the Tax Certificate or other documents pertaining to the 2021 Bonds may be changed, and certain actions may be taken or not taken, 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. Bond Counsel expresses no opinion as to the effect of any change to any document pertaining to the 2021 Bonds or of any action taken or not taken where such change is made or action is taken or not taken without the approval of Norton Rose Fulbright US LLP or in reliance upon the advice of counsel other than Norton Rose Fulbright US LLP with respect to the exclusion from gross income of the interest on the 2021 Bonds for federal income tax purposes.

Bond Counsel's opinion is not a guarantee of result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and judicial decisions and the representations and covenants of the Issuer described above. No ruling has been sought from the Internal Revenue Service (the "**IRS**") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of examining the tax-exempt status of the interest on municipal obligations. If an examination of the 2021 Bonds is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the 2021 Bonds would have no right to participate in the examination process. In responding to or defending an examination of the tax-exempt status of the interest on the 2021 Bonds, the City may have different or conflicting interests from the owners. Additionally, public awareness of any future examination of the 2021 Bonds could adversely affect the value and liquidity of the 2021 Bonds during the pendency of the examination, regardless of its ultimate outcome.

Tax Accounting Treatment of Bond Premium and Original Issue Discount

Bond Premium. To the extent a purchaser acquires a 2021 Bond at a price in excess of the amount payable at its maturity, such excess will constitute "bond premium" under the Code. The Code and applicable Treasury Regulations provide generally that bond premium on a tax-exempt obligation is amortized over the remaining term of the obligation (or a shorter period in the case of certain callable obligations) based on the obligation's yield to maturity (or shorter period in the case of certain callable obligations). The amount of premium so amortized reduces the owner's basis in such obligation for federal income tax purposes, though such amortized premium is not deductible for federal income tax purposes. This reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of the obligation. Bond Counsel is not opining on the accounting for bond premium or the consequence to a 2021 Bond purchaser of purchasing a 2021 Bond with bond premium. Accordingly, persons considering the purchase of 2021 Bonds with bond premium should consult with their own tax advisors with respect to the determination of bond premium on such 2021 Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such 2021 Bonds.

Original Issue Discount. The excess, if any, of the stated redemption price at maturity of 2021 Bonds of a particular maturity over the initial offering price to the public of the 2021 Bonds of that maturity at which a substantial amount of the 2021 Bonds of that maturity is sold to the public is "original issue discount." Original issue discount accruing on a 2021 Bond is treated as interest excluded from the gross income of the owner thereof for federal income tax purposes under the same conditions and limitations as are applicable to interest payable on such 2021 Bond. Original issue discount on a 2021 Bond or a particular maturity purchased pursuant to the initial public offering at the initial public offering price at which a substantial amount of the 2021 Bonds of that maturity is sold to the public accrues on a semiannual basis over the term of the 2021 Bond on the basis of a constant yield; and within each semiannual period accrues on a ratable daily basis. The amount of original issue discount on a 2021 Bond accruing during each period is added to the adjusted basis of such 2021 Bond, which will affect the amount of taxable gain upon disposition (including sale, redemption or payment on maturity) of such 2021 Bond. The Code includes certain provisions relating to the accrual of original issue discount in the case of purchasers that purchase 2021 Bonds other than at the initial offering price. Bond Counsel is not opining on the accounting for or consequence to a 2021 Bond purchaser of purchasing a 2021 Bond with original issue discount. Accordingly, persons considering the purchase of 2021 Bonds with original issue discount should consult their own tax advisors with respect to the determination of original issue discount on such 2021 Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such 2021 Bonds.

Information Reporting and Backup Withholding

Interest paid on the 2021 Bonds will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, such reporting requirement causes the payment of interest on the 2021 Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (a) are not "exempt recipients," and (b) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner are allowed as a refund or credit against such beneficial owner's federal income tax liability so long as the required information is furnished to the IRS.

State Tax Exemption

In the further opinion of Bond Counsel, interest on the 2021 Bonds is exempt from personal income taxes imposed by the State of California.

Future Developments

Existing law may change to reduce or eliminate the benefit to owners of the 2021 Bonds of the exclusion of the interest on the 2021 Bonds from gross income for federal income tax purposes or of the exemption of interest on the 2021 Bonds from State of California personal income taxation. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the 2021 Bonds. Prospective purchasers of the 2021 Bonds should consult their own tax advisors with respect to any proposed or future change in tax law.

A copy of the form of opinion of Bond Counsel relating to the 2021 Bonds is included in APPENDIX D hereto.

LITIGATION

To the knowledge of the City, there is no controversy or litigation of any nature now pending or threatened restraining or enjoining the execution and delivery of the 2021 Bonds, the Indenture or in any way contesting or affecting the validity of the 2021 Bonds or any proceedings of the City taken with respect to the execution and delivery thereof.

APPROVAL OF LEGALITY

The 2021 Bonds are offered when, as and if issued and received by the Underwriter and subject to the approval as to their legality by Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the City by the City Attorney. Certain legal matters will be passed upon for the City by its Disclosure Counsel, Jones Hall, A Professional Law Corporation, San Francisco, California and for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California.

Payment of the fees and expenses of Bond Counsel, Disclosure Counsel, and Underwriter's Counsel is contingent upon execution and delivery of the 2021 Bonds.

FINANCIAL STATEMENTS

CliftonLarsonAllen LLP, Certified Public Accountants (the "**Auditor**"), audited the financial statements of the City's Water and Electric Utility Enterprise Funds for the Fiscal Year ended June 30, 2020. The Auditor's examination was made in accordance with generally accepted auditing standards and Governmental Auditing Standards, issued by the Comptroller General of the United States. See "APPENDIX B – Audited Financial Statements of the City of Burbank Water and Electric Utility Enterprise Funds for the Fiscal Year Ended June 30, 2020."

The City has not requested nor did the City obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the City and has not participated in the preparation of, or reviewed, this Official Statement.

RATING

S&P Global Ratings ("**S&P**"), is expected to assign the 2021 Bonds the long-term rating of "AAA".

The rating reflects only the views of S&P, and any explanation of the significance of such rating may be obtained only from S&P. There is no assurance that the rating will remain in effect for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if, in their judgment, circumstances so warrant. The City undertakes no responsibility to oppose any such revision or withdrawal. Any downward revision or withdrawal of the rating may have an adverse effect on the market price of the 2021 Bonds.

CONTINUING DISCLOSURE

The City will covenant for the benefit of owners of the 2021 Bonds to provide certain financial information and operating data relating to the City by not later than 9 months after the end of each fiscal year of the City (currently June 30th), commencing with the report for the 2020-21 Fiscal Year (the "**Annual Report**"), and to provide notices of the occurrence of certain enumerated events. Such reports are required to be filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system ("**EMMA**"). The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is described in "APPENDIX E – Form of Continuing Disclosure Agreement," attached to this Official Statement. These covenants have been made in order to assist the underwriter of the 2021 Bonds in complying with Securities and Exchange Commission Rule 15c2-12.

The City has entered into a number of continuing disclosure undertakings in connection with City obligations, including obligations payable from the City's General Fund, as well as obligations payable from the revenues relating to the Water System and the City's electric utility. During the past five years, the City has prepared continuing disclosure reports pursuant to these undertakings.

Within the past five years, the City and certain of its related entities have failed to comply in certain respects with continuing disclosure obligations related to outstanding indebtedness, by (i) making some filings 1-6 days late, (ii) failing to provide timely notice of a rating upgrade relating to a series of BWP's electric revenue bonds, which notice was provided 28 days after such rating upgrade, (iii) failing to provide timely notice of a rating upgrade relating to a series of the Successor Agency to the Redevelopment Agency of the City of Burbank's tax allocation bonds, which notice was provided 109 days after such rating upgrade, and (iv) with respect to two series of water revenue and electric revenue bonds, failing to file audited financial statements for Fiscal Year 2017-18 when available, although unaudited financial statements were timely filed and the audited financial statements have since been filed.

The City has adopted a disclosure policy intended to assure future compliance with the City's continuing disclosure requirements.

MUNICIPAL ADVISOR

PFM Financial Advisors LLC (the "**Municipal Advisor**") has assisted the City with various matters relating to the planning, structuring and delivery of the 2021 Bonds. The Municipal Advisor is a financial advisory firm and is not engaged in the business of underwriting or distributing municipal securities or other public securities. The Municipal Advisor assumes no responsibility for the accuracy, completeness or fairness of this Official Statement. The Municipal Advisor will receive compensation from the City contingent upon the sale and delivery of the 2021 Bonds.

UNDERWRITING

The 2021 Bonds are being purchased by J.P. Morgan Securities LLC (the "**Underwriter**"), at a purchase price of $29,817,597.46 (which represents the aggregate principal amount of the 2021 Bonds ($24,825,000.00), plus an original issue premium of $5,047,773.50, less an Underwriter's discount of $55,176.04).

The purchase agreement relating to the 2021 Bonds provides that the Underwriter will purchase all of the 2021 Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase agreement.

The Underwriter may offer and sell the 2021 Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

J.P. Morgan Securities LLC ("**JPMS**"), the Underwriter of the 2021 Bonds, has entered into negotiated dealer agreements (each, a "**Dealer Agreement**") with each of Charles Schwab & Co., Inc. ("**CS&Co.**") and LPL Financial LLC ("**LPL**") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of CS&Co. and LPL will purchase 2021 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2021 Bonds that such firm sells.

CERTAIN RELATIONSHIPS

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

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City. The Underwriter and its affiliates may also communicate independent investment recommendations, market advice or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

EXECUTION AND DELIVERY

The execution and delivery of this Official Statement have been authorized by the City Council of the City.

CITY OF BURBANK

By : /s/ Bob Liu
Bob Liu
Chief Financial Officer,
Burbank Water and Power

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APPENDIX A

GENERAL INFORMATION ABOUT THE CITY OF BURBANK AND LOS ANGELES COUNTY

*The following information concerning the City of Burbank (the "**City**") and Los Angeles County (the "**County**") are included only for the purpose of supplying general information regarding the community. The 2021 Bonds are not a debt of the City, the County, the State of California (the "**State**") or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor, except the City to the limited extent set forth in the Indenture.*

General

The City. On July 8, 1911, Burbank was incorporated as a city. Today, Burbank ranks as the fifteenth-largest city in Los Angeles County, with a population of over 104,000 residents. Presently, Burbank maintains its long standing relationship with Warner Bros. and Disney and is now home to hundreds of media and related support companies such as ABC, Cartoon-Network Studios, Nickelodeon Animation, Yahoo!, Clear Channel, and other post production, film processing, special effects, equipment rental and related businesses. As such, Burbank is referred to as the "Media Capital of the World."

The County. Located along the southern coast of California, Los Angeles County covers about 4,080 square miles. It measures approximately 75 miles from north to south and 70 miles from east to west. The county includes Santa Catalina and San Clemente Islands and is bordered by the Pacific Ocean and Ventura, San Bernardino and Orange Counties.

Almost half of the county is mountainous and some 14% is a coastal plain known as the Los Angeles Basin. The low Santa Monica mountains and Hollywood Hills run east and west and form the northern boundary of the Basin and the southern boundary of the San Fernando Valley. The San Fernando Valley terminates at the base of the San Gabriel Mountains whose highest peak is over 10,000 feet. Beyond this mountain range the rest of the county is a semi-dry plateau, the beginning of the vast Mojave Desert.

According to the Los Angeles County Regional Planning Commission, the 86 incorporated cities in the county covered about 1,344 square miles or 27% of the total county. Approximately 16% of the land in the county was devoted to residential use and over two thirds of the land was open space and vacant.

Population

Population figures for the City, the County and the State for the last five years are shown in the following table.

CITY OF BURBANK, LOS ANGELES COUNTY AND THE STATE OF CALIFORNIA
Population Estimates
Calendar Years 2017 through 2021, as of January 1

Calendar Year	City of Burbank	Los Angeles County	State of California
2017	105,244	10,181,162	39,352,398
2018	104,919	10,192,593	39,519,535
2019	104,338	10,163,139	39,605,361
2020	104,535	10,135,614	39,648,938
2021	103,969	10,044,459	39,466,855

Source: State Department of Finance estimates.

Employment and Industry

The City is included in the Los Angeles-Long Beach-Glendale MD, which includes all of Los Angeles County. The seasonally adjusted unemployment rate in the County decreased over the month to 10.6% in June 2021, from a revised 10.7% in May 2021, and was below the rate of 17.9% one year ago. Civilian employment decreased by 10,000 to 4,569,000 in June 2021, while unemployment decreased by 5,000 to 542,000. The civilian labor force increased by 5,000 over the month to 5,111,000 in June 2021. (All of the above figures are seasonally adjusted.) The unadjusted unemployment rate for the County was 10.5% in June 2021.

The California seasonally adjusted unemployment rate was 7.7% in June 2021, 7.7% in May 2021, and 14.1% a year ago in June 2020. The comparable estimates for the nation were 5.9% in June 2021, 5.8% in May 2021, and 11.1% a year ago.

The table below lists employment by industry group for the County for the past five years for which data is available. These figures are county-wide statistics and may not necessarily accurately reflect employment trends in the City.

LOS ANGELES-LONG BEACH-GLENDALE MD
(Los Angeles County)
Annual Average Labor Force and Employment by Industry
Calendar Years 2016 through 2020
(March 2020 Benchmark)

	2016	2017	2018	2019	2020
Civilian Labor Force(1)	5,018,900	5,088,900	5,094,300	5,122,800	4,921,500
Employment	4,751,200	4,843,700	4,857,300	4,888,600	4,291,700
Unemployment	267,700	245,200	237,000	234,300	629,800
Unemployment Rate	5.3%	4.8%	4.7%	4.6%	12.8%
Wage and Salary Employment: (2)					
Agriculture	5,300	5,700	4,600	4,400	4,400
Mining and Logging	2,400	2,000	1,900	1,900	1,700
Construction	134,000	138,700	146,300	149,800	145,500
Manufacturing	362,000	350,400	342,600	340,700	313,800
Wholesale Trade	222,100	221,500	223,200	220,500	200,100
Retail Trade	424,600	426,100	424,800	417,900	378,600
Trans., Warehousing, Utilities	188,900	198,200	203,600	213,000	208,600
Information	229,400	214,900	216,400	217,900	185,800
Financial and Insurance	138,100	137,500	136,500	135,200	131,500
Real Estate, Rental & Leasing	81,700	84,100	86,700	88,200	80,100
Professional and Business Services	603,000	612,100	630,400	643,900	593,300
Educational and Health Services	769,900	797,400	817,900	839,900	820,900
Leisure and Hospitality	510,000	524,600	536,500	547,200	394,400
Other Services	153,300	155,700	158,800	158,400	127,000
Federal Government	47,700	48,000	47,300	47,300	50,200
State Government	89,900	92,500	91,700	86,500	85,200
Local Government	439,100	445,600	451,600	453,000	430,300
Total All Industries (3)	4,401,400	4,454,900	4,520,700	4,565,800	4,151,000

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Largest Employers

The following table lists the principal employers within the City, by number of employees, as of June 30, 2020.

CITY OF BURBANK
Principal Employers
As of June 30, 2020

Employer Name	Number of Employees
Warner Bros. Entertainment	4,378
The Walt Disney Company	4,008
Providence St. Joseph's Hospital	2,850
Bob Hope Airport	2,850
Burbank Unified School District	1,170
ABC, Inc.	1,495
Deluxe Shared Services	1,459
City of Burbank	1,459
ABC Inc	1,180
Entertainment Partners	796
Nickelodeon Animation	602

Source: City of Burbank Comprehensive Financial Report for fiscal year ended June 30, 2020.

Commercial Activity

A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2021 in the City were reported to be $614,490,793, a 10.13% decrease over the total taxable sales of $683,787,349 reported during the first quarter of calendar year 2020.

CITY OF BURBANK
Taxable Transactions
(Dollars in Thousands)

Year	Retail Permits on July 1	Retail Stores Taxable Transactions	Total Permits on July 1	Total Outlets Taxable Transactions
2016	2,552	$2,206,373	4,452	$2,824,714
2017	2,555	2,341,218	4,496	2,971,228
2018	2,475	2,442,230	4,585	3,138,670
2019	2,510	2,501,428	4,711	3,418,274
2020	2,737	1,922,685	5,115	2,402,773

Source: State Department of Tax and Fee Administration.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the median household effective buying income for the City, the County, the State and the United States for the period 2017 through 2021.

CITY OF BURBANK AND LOS ANGELES COUNTY
Median Household Effective Buying Income
2017 through 2021

	2017	2018	2019	2020	2021
City of Burbank	$58,339	$63,059	$64,473	$66,599	$68,289
Los Angeles County	54,720	56,831	56,831	60,174	62,353
California	59,646	62,637	62,637	65,870	67,956
United States	50,735	52,841	52,841	55,303	56,790

Source: The Nielsen Company (US), Inc for years 2017 and 2018; Claritas, LLC for 2019 through 2021.

Building Activity

The tables below summarize building activity in the City and the County for the past five available years.

CITY OF BURBANK
Building Permit Activity
For Calendar Years 2016 through 2020

(Dollars in Thousands)	2014	2015	2016	2017	2018
Permit Valuation					
New Single-family	$5,092.6	$3,743.2	$5,256.2	$7,409.5	$9,502.7
New Multi-family	58,188.0	1,650.0	714.6	250.0	431.6
Res. Alterations/Additions	26,595.0	28,104.4	10,672.7	17,654.4	15,220.3
Total Residential	89,875.6	33,497.6	16,643.5	25,313.9	25,154.6
New Commercial	11,261.0	685.0	53,478.1	229,894.8	134,044.0
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	6,880.9	4,268.4	813.7	1,438.8	4,784.1
Com. Alterations/Additions	86,666.3	43,955.0	21,582.8	34,420.3	38,902.4
Total Nonresidential	104,808.2	48,908.4	75,874.6	265,753.9	177,730.5
New Dwelling Units					
Single Family	15	17	38	54	93
Multiple Family	251	0	6	2	2
TOTAL	266	17	44	56	95

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE CITY OF BURBANK WATER AND ELECTRIC UTILITY ENTERPRISE FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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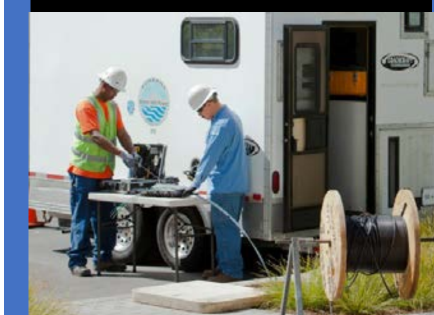

CITY OF BURBANK WATER AND POWER

ANNUAL REPORT FISCAL YEAR 2019 - 2020

We're Always There for You

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CITY OF BURBANK
WATER AND POWER

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INDEPENDENT AUDITORS' REPORT

City Council Members
City of Burbank
Burbank, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Electric and Water Utility Enterprise Funds of the City of Burbank (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Electric and Water Utility Enterprise Funds of the City of Burbank, as of June 30, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1(C), the financial statements present only the Electric and Water Utility Enterprise Funds and do not purport to, and do not, present fairly the financial position of the City of Burbank as of June 30, 2020, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Partial Comparative Information

The financial statements include partial year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statement for the year ended June 30, 2019 from which such partial information was derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of net pension liability and related ratios of the defined benefit plans and the schedule of contributions of the defined benefit plans, the schedule of net OPEB liability and related ratios – PEMHCA Plan, the schedule of changes in net OPEB liability and related ratios – URMT Plan and the schedule of Plan contributions – OPEB, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matters (Continued)

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements. The introductory section and supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and supplemental information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
November 10, 2020

The management of the City of Burbank's (City) Electric and Water Utility Enterprise Funds (Management) offers the following financial highlights and overview of factors that had a material effect on the financial condition and results of operations for the fiscal year ended June 30, 2020 (the fiscal year). Management encourages readers to utilize the information in the Management Discussion and Analysis (MD&A) in conjunction with the accompanying basic financial statements and notes. All amounts, unless otherwise indicated, are expressed in thousands of dollars. Totals may not foot due to rounding.

Overview of the Basic Financial Statements

The MD&A is intended to serve as an introduction to the Electric and Water Utility Enterprise Funds' (Utility) basic financial statements and to provide an objective and easily understood analysis of the financial activities based on currently known facts, decisions, and conditions. For comparative purposes, this analysis includes the financial statements of the Utility for the two most recent fiscal years.

Management has elected to provide highlights to the basic financial statements as well as vital statistics and other relevant information concerning the Utility. Included as part of the financial statements are the following statements and notes:

The Statement of Net Position presents information on the Utility's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as total net position.

The Statement of Revenues, Expenses, and Changes in Fund Net Position presents information on how the Utility's net position changed during the two most recent fiscal years. Financial results are recorded using the accrual basis of accounting. Under this method, all changes in net position are reported as soon as the underlying events occur, regardless of the timing of cash flows. Thus, revenues and expenses reported in this statement for some items may affect cash flows in future fiscal periods (examples include billed but uncollected revenues and employee earned but unused vacation leave).

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash from operations, non-capital financing, capital and related financing and investing activities.

The Notes to the basic financial statements provide additional information that is essential for a full understanding of the data provided in these financial statements.

Electric Utility Fund

Electric Utility Fund highlights:

- For the fiscal year, the Electric Utility's availability rate was 99.998%. The system average interruption was only 8.58 minutes per customer served. A low frequency of outages helped minimize the system average outage duration. The Burbank outage frequency rate was approximately 0.38 outages per customer served every year.

- The Electric Utility continues to maintain electric rate increases below the rate of inflation and Burbank's electric rates are amongst some of the lowest in the region. The City Council approved a 1% electric rate increase effective July 1, 2019.

- For the fiscal year, the Electric Utility's renewable energy resources made up 33.6% of its total retail sales. The Electric Utility is on track to meet the Renewables Portfolio Standard (RPS) of 33% for calendar year 2020.

- Total net position was higher by $3,573, or 1.3%, compared to the prior fiscal year due to favorable operating results.

- In May 2020, Moody's Investors Service affirmed Burbank CA Combined Utility Enterprise's 'Aa3' rating.
- On June 1, 2020, the Electric Utility opted for an early redemption of the 2010A Electric Bonds to take advantage of interest rate savings. The Electric Utility paid $10,090 from cash reserves for the full redemption of the 2010A Electric Revenue Bonds.

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Financial Analysis

Schedule of Revenues, Expenses, and Changes in Fund Net Position (*$ in thousands*)

	2020	2019	Incr. (Decr.)
Retail sales (in MWh)	1,019,371	1,060,549	(41,178)
Operating revenues:			
Retail	$ 158,024	$ 162,386	$ (4,362)
Wholesale	15,442	21,791	(6,349)
Intergovernmental	94	94	-
Other revenues	7,180	8,410	(1,230)
Total operating revenues	180,740	192,681	(11,940)
Operating expenses:			
Power supply and fuel – retail	95,650	97,292	(1,642)
Purchased power and fuel – wholesale	14,126	20,273	(6,147)
Transmission expense	13,544	13,986	(442)
Distribution expense	12,535	10,739	1,796
Other operating expenses	24,712	24,167	545
Depreciation	20,162	18,281	1,881
Total operating expenses	180,729	184,737	(4,008)
Operating income	11	7,943	(7,932)
Nonoperating income (expenses):			
Interest income	3,330	4,205	(875)
Interest expense	(4,071)	(4,319)	247
Gain (loss) on disposal of capital assets	118	122	(3)
Other income (expenses), net	(1,816)	1,223	(3,040)
Total nonoperating income (expenses)	(2,439)	1,231	(3,670)
Income before contributions	(2,428)	9,174	(11,602)
Capital contributions and transfers:			
Capital contributions	6,361	8,180	(1,820)
Transfers from the City	1	-	1
Transfers to the City	(358)	-	(358)
Total capital contributions and transfers	6,004	8,180	(2,177)
Change in net position	3,573	17,354	(13,780)
Net position, beginning of year	282,913	265,559	17,354
Net position, end of year	**$ 286,486**	**$ 282,913**	**$ 3,573**

CITY OF BURBANK WATER AND POWER

Retail (primarily sales to residential and commercial customers) and wholesale revenues were the primary revenue sources for the Electric Utility. These revenues made up 96.0% of the Electric Utility's operating revenues. Retail energy sales decreased by 41,178 MWh, or 3.9%, compared to the prior fiscal year primarily attributable to the closing of businesses within Burbank due to the "Safer at home" order issued by Los Angeles County officials and California Governor Newsom on March 19, 2020. Retail revenues were lower by $4,362, or 2.7%, resulting from lower demand.

Wholesale trading opportunities exist because the Electric Utility is able to market excess capacity, energy, and transmission. Wholesale margins of $1,316 contributed to the Electric Utility's financial performance by increasing the Electric Utility's Operating income. Wholesale margins were $1,518 in the prior fiscal year. The decrease in wholesale margin is attributable to excess generation throughout the state, low energy prices for part of the year coupled with lower demand due to milder temperatures in the region.

Other revenues consist of ONE Burbank revenues, transmission, telecommunications, and other miscellaneous revenues. These revenues were $1,230, or 14.6%, lower than the prior fiscal year due to lower revenues from ONE Burbank, Low Carbon Fuel Standard (LCFS) Credits and Home Improvement Program. ONE Burbank is a fiber optic-based infrastructure program that includes dark fiber, carrier-class internet, and high-speed managed services for local Burbank businesses. During the fiscal year, the Electric Utility added thirty-one new ONE Burbank services, including nineteen new ONE Burbank customers. ONE Burbank generated revenues of $3,800 this fiscal year, compared to $3,984 the prior fiscal year. Sale proceeds from LCFS were also lower since the prior year included a prior period adjustment to the revenues. The California Air Resources Board initiated a program, LCFS Credits, to reduce carbon intensity in transportation fuels as compared to conventional petroleum fuels, such as gasoline and diesel.
The Electric Utility, on behalf of the City of Burbank, opted into the LCFS program in 2015, and began accumulating credits in the first quarter of 2016. The Electric Utility generates credits in two primary ways: providing electricity to residents through home electric vehicles (EV) charging and actual metered usage from workplace and public EV chargers. Participation decline in the Home Improvement Program, a joint sponsorship program, between the City and Southern California Gas Company (the Gas Company) has also resulted in lower reimbursement revenues from the Gas Company.

Retail power supply and fuel expenses were $1,642, or 1.7%, lower than the prior fiscal year primarily because of lower retail demand and lower operations and maintenance expenses, offset by an increase in renewable resources and lower true up credits than the prior fiscal year.

Distribution expenses were $1,796, or 16.7%, higher than the prior fiscal year primarily as a result of higher professional service expenses and lower amount of capital work performed than the prior year. Lower amount of capital work was attributable to lower resource availability as a result of the "Safer at home" order, thereby resulting in higher operations and maintenance expenses.

Depreciation expense is computed on the straight-line method over the estimated useful lives of the assets. For the fiscal year, depreciation expense was higher by $1,881, or 10.3%, primarily as a result of placing the Ontario Distribution Station in service.

Interest income was $875, or 20.8% lower. Prior year interest income included a significant increase in market value adjustment of investment holdings per GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". Interest income was also slightly lower due to lower cash balance, as compared to prior fiscal year.

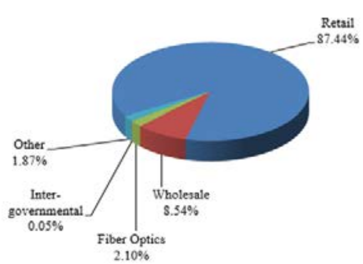
Other expenses were $3,040, or 248.4%, higher primarily as a result of unfunded pension liability pre-payment. In line with City of Burbank's pension prepayment plan, this fiscal year was the first year of the multi-year funding plan to reduce future pension obligations. Additional information can be found in Note 15 to the basic financial statements.

As of June 30, 2020, the Electric Utility had $54,900 in outstanding revenue bonds. The bonds were issued for modernization, replacement and upgrades of the electric system, general plant, and other facilities (see Debt Administration). The Electric Utility paid $4,071 in interest expense, compared to $4,319 in the prior fiscal year.

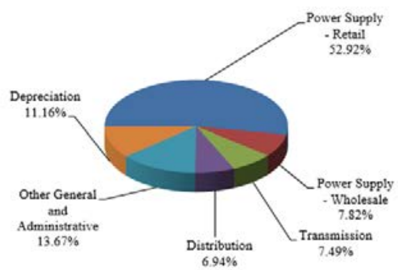
Capital contributions were $1,820, or 22.2%, lower compared to the prior fiscal year. The prior fiscal year included higher capital contribution for the Ontario Distribution Station.

The Electric Utility Fund's net position as of June 30, 2020 and June 30, 2019 were as follows:

Operating Revenues



Operating Expenses



Schedule of Net Position *($ in thousands)*

	2020	2019	Incr. (Decr.)
Assets			
Current and regulatory assets	$ 125,852	$ 140,297	$ (14,444)
Noncurrent and regulatory assets	3	43	(39)
Capital assets, net of accumulated depreciation	310,807	306,506	4,301
Total assets	**436,662**	**446,845**	**(10,183)**
Deferred outflows of resources			
Deferred outflows of resources	14,913	15,285	(373)
Total deferred outflows of resources	**14,913**	**15,285**	**(373)**
Liabilities			
Current liabilities	20,535	23,580	(3,045)
Noncurrent and regulatory liabilities	138,199	149,497	(11,298)
Total liabilities	**158,734**	**173,077**	**(14,342)**
Deferred inflows of resources			
Deferred inflows of resources	6,354	6,141	214
Total deferred inflows of resources	**6,354**	**6,141**	**214**
Net position			
Net investment in capital assets	258,563	230,655	27,908
Restricted for debt service	2,511	5,896	(3,386)
Unrestricted	25,412	46,362	(20,949)
Total net position	**$ 286,486**	**$ 282,913**	**$ 3,573**

Changes in total net position may serve as useful indicators of the Electric Utility Fund's financial strength over time.

The highlight of changes in the Schedule of Net Position are decreases in the Current and regulatory assets and Current liabilities. The primary drivers of the decrease in the Current and regulatory assets by $14,444 during the fiscal year are the payment of $10,090 for full redemption of the 2010A Electric Bonds and a $2,500 loan to the Water Utility Fund. The corresponding Noncurrent and regulatory liabilities decreased by the amount paid for the full redemption of the 2010A Electric Bonds. The increase in Capital assets is due to new capital investment, net of depreciation and retirement during the fiscal year. Information regarding the decrease in the deferred outflow of resources is explained in Note 16 to the basic financial statements.

Total net position was higher by $3,573, or 1.3%, compared to the prior fiscal year due to favorable operating results (see Schedule of Revenues, Expenses, and Changes in Fund Net Position). A significant portion of the Electric Utility's total net position was in net investment in capital assets of $258,563, or 90.3%, of total net position (see Capital Assets). The restricted net position of $2,511, or 0.9%, was debt reserve requirements related to the Electric Revenue bonds (see Debt Administration). The unrestricted net position of $25,412, or 8.9%, of total net position were funds available for future capital investments and maintenance activities.

Capital Assets

As of June 30, 2020, the largest portion of the Electric Utility Fund's total assets, $310,807, or 71.2%, was invested in capital assets. The Electric Utility invested $24,463 in the acquisition and construction of capital assets funded from cash reserves and Aid-in-Construction (AIC) funds. The majority of these investments were for expansion and replacement of the distribution system. These investments have resulted in improved efficiency and reliability of the Electric Utility.

The Electric Utility, in alignment with the Electric Distribution Master Plan, continued making strategic capital investments during the fiscal year to improve the robustness and reliability of the electric system. Some of the projects highlighted below include 4 kV to 12 kV conversions, cable installations, and the procurement of a mobile substation.

Converting 4 kV load to 12 kV is a capital investment strategy that helps BWP to manage its aging infrastructure by upgrading old 4 kV distribution equipment to new 12 kV standards and retiring old 4 kV substations, thereby enhancing system reliability and reducing long term costs. In addition, 12 kV conversions also improve grid efficiency by transmitting electricity at a higher operating voltage which significantly reduces power losses and translates to cost reduction.

The Electric Utility also increased the resiliency of its electric system through installation of distribution cable from its new Ontario substation and procurement of its mobile substation which was delivered in November 2019. In April 2020, due to an unexpected transformer failure which led to a complete substation outage, the Electric Utility quickly restored power to all customers within about 3 hours, which is an incredible feat for this type of system outage. Along with the ingenuity and steadfastness of its field crews and system operators, recent capital investments including the Ontario Substation completed in 2019 and installation of distribution circuit ties from the new station made it possible to minimize the outage by shifting electrical load to circuits from other substations. In addition, the Electric Utility deployed its new mobile substation before higher electrical loads in the summer arrived, reducing electrical stress on the remaining substation transformer and providing a fully redundant backup for the substation.

The City of Burbank, Public Works Department (PWD) owns and operates the Burbank Landfill Site Number 3 (Landfill). BWP has an interoffice agreement with PWD that allows BWP to utilize the gas generated at the Landfill exclusively for beneficial use or flaring. BWP installed microturbines to generate electric power from Landfill Gas (LFG) at the Landfill. BWP owned and maintained the microturbine system until 2014 when the microturbines reached their end of life. BWP subsequently performed a study and it was determined that renewable energy generation with modern microturbines would be the best alternative. The Landfill Generator upgrade project adds 800 kW of production capacity. The project enhances the City's environmental stewardship by reestablishing successful electrical generation from the LFG that is produced and collected at the Landfill. The microturbines and gas conditioning skid are fully operational and generating power for the Burbank Electrical System as of February 2020. The total project cost was $3,670.

Some of the major capital investments for the fiscal year include:

($ in thousands)	
Build New Customer Transformer Stations, 750 kVA & Under	$ 4,302
4kV to 12kV Conversions	3,661
Overhead/Underground Distribution Lines	2,470
Landfill Generator Upgrade	2,176
Pacific Northwest DC Intertie	2,116
Distribution Substation Transformer Backup & Mobile Substation	2,097
Ontario Distributing Station	890
Golden State substation Transformer Replacement	620
Energy Control Center Renovation/Rebuild	562
Service Replacements	548
69 kV and 34.5 kV Line Replacements	512
Enterprise Data and Information Architecture Implementation	457
ONE Burbank Network Infrastructure Expansion	379
Electric Substations Equipment Replacement	372
Electric Vehicle Charging Program	365
Total	**$ 21,528**

The results of maintenance and pro-active capital investments are reflected in the exceptional system-wide reliability statistics. For the fiscal year, the Electric Utility's availability rate was 99.998%, or in other words the average Burbank resident could expect to experience only one electric service outage of just 15.6 minutes every 2.6 years. The system average interruption was only 8.58 minutes per customer. A low frequency of outages helped minimize the system average outage duration. The Burbank outage frequency rate was approximately 0.38 outages per customer every year.

The American Public Power Association's Reliable Public Power Provider (RP3) program recognizes utilities that demonstrate high proficiency in reliability, safety, workforce development, and system improvement. In 2018, Burbank Water and Power was designated a Diamond Level utility, the highest RP3 designation. The RP3 application is carefully evaluated every three years to ensure that the criteria is relevant, thorough and is keeping up with industry trends and best practices.

Additional information on capital assets can be found in Note 7 to the basic financial statements.

Debt Administration

As of June 30, 2020, the Electric Utility had $54,900 in outstanding revenue bonds, of which $1,090 will be due within a year. During the fiscal year, the Electric Utility opted for an early redemption of the 2010A Electric Bonds to take advantage of interest rate savings. In 2010, the City of Burbank issued the 2010A Electric Revenue Bonds with an early redemption option for bonds maturing after June 2020 on or after June 1, 2020. During the fiscal year, the Electric Utility fully redeemed the outstanding balance of the 2010A Electric Revenue Bonds in addition to the annual principal due of $4,485. These bonds were issued for modernization, replacement and upgrades of the electric system, general plant, and other facilities.

In May 2020, Moody's Investors Service affirmed Burbank CA Combined Utility Enterprise's 'Aa3' rating. This rating action considers BWP's relatively small service territory, low debt levels, a history of effective wildfire mitigation and prevention programs, and a strong liquidity profile which reduces concerns around the utility's potential contingent liabilities related to wildfire and inverse condemnation risk. The rating action also acknowledges positive credit factors including BWP's historically sound financial performance, strong socioeconomic measures within its service territory and the Burbank City Council's demonstrated willingness to raise rates when needed. Additional information on long term debt can be found in Note 9 to the basic financial statements.

Environmental, Supply, and Economic Factors

During the fiscal year, the City received renewable energy from a new renewable resource Burbank's Landfill in addition to the existing resources from the Copper Mountain Solar 3 Project in Nevada, biomethane gas, wind and landfill gas as a result of the Morgan Stanley Exchange, Pebble Springs Wind in Oregon , Don A. Campbell Geothermal Project in Nevada, Milford Wind I in Utah, Tieton Hydropower in Washington, Iberdrola Wind in Wyoming, Ameresco Chiquita Landfill in California, Burbank customer solar, Burbank's solar demonstration project, and Burbank's

Valley Pumping Station.

The Electric Utility's renewable projects for the fiscal year were as follows:

Projects	Source of Energy	County, State	In-service Date	Plant Capacity MW	Burbank's Capacity MW	Energy Received in MWh FY 19-20	% Total Retail Sales
Copper Mountain Solar 3	Solar	Clark County, Nevada	May 2014	250.000	40.000	99,970	9.8%
Biomethane gas	Biomethane		Jun 2011			68,721	6.7%
Morgan Stanley Exchange	Wind & Landfill Gas		Apr 2012			55,949	5.5%
Pebble Springs Wind	Wind	Gilliam County, Oregon	Feb 2009	98.700	10.000	24,717	2.4%
Don A. Campbell Geothermal	Geothermal	Mineral County, Nevada	Dec 2013	25.000	3.845	20,237	2.0%
Milford Wind I	Wind	Beaver and Millard Counties, Utah	Nov 2009	200.000	10.000	19,417	1.9%
Tieton Hydropower	Hydro	Yakima County, Washington	Mar 2009	13.600	6.800	17,689	1.7%
Renewable Certificate	Wind & Biomass	N/A	N/A	N/A	N/A	12,500	1.2%
Iberdrola Wind	Wind	Uinta County, Wyoming	Jul 2006	144.000	4.997	12,205	1.2%
Ameresco Chiquita Landfill	Landfill Gas	Los Angeles County, California	Nov 2010	10.000	1.667	7,249	0.7%
Customer Solar	Solar	Los Angeles County, California	Ongoing	1.500	1.500	2,391	0.2%
Burbank Landfill	Landfill Gas	Los Angeles County, California	Feb 2020	0.800	0.800	1,112	0.1%
Solar Demo	Solar	Los Angeles County, California	1998	0.500	0.500	262	0.0%
Micro Hydro	Hydro	Los Angeles County, California	2002	0.450	0.450	271	0.0%
Total						**342,690**	**33.6%**

The Burbank City Council approved to reduce Burbank's participation in the renewal of the Intermountain Power Project from 35 megawatts (MW) to 28 MW (a 20% reduction) on July 23, 2019.

Negotiations with Los Angeles Department of Water and Power (LADWP), for several existing long-term Transmission Service Agreements, including those associated with Hoover Dam and IPP generation resources are ongoing. A one-year extension of the existing Hoover Transmission Service Agreement was approved by Burbank City Council on April 28, 2020. The IPP related Transmission Service Agreement expires in 2027.

LADWP, BWP and Glendale Water and Power (GWP), the IPP repowering participants are working together to create a detailed roadmap for green hydrogen production, storage, and power generation at IPP. In the medium-term, the participants are targeting 30% green hydrogen combustion by July 2025, when the repowered project is scheduled to come on-line.

The Cap-and-Trade Program, adopted by the California Air Resources Board (CARB), went into effect on January 1, 2012, and emission obligations commenced on January 1, 2013, for compliance to Assembly Bill 32 (AB 32), the Global Warming Solutions Act of 2006. Under AB 32, CARB is mandated to implement regulations that reduce greenhouse gas (GHG) emissions by capping them at 1990 levels. The regulation set an upper limit on statewide GHG emissions beginning in 2013, reduced GHG emissions by approximately 2% in 2014, and will reduce GHG emissions by approximately 3% annually thereafter until 2020. Electric utilities were given emission allowances to cover their obligations. Electric utilities can buy or sell the allowances to comply with the emission regulation. As of the end of calendar year 2019, the Electric Utility had an excess of about 300,000 GHG allowances. The closing price of the August 2020 auction was $16.68 per allowance.

Southern California Gas Company (SoCal Gas) owns and operates the natural gas infrastructure in most of Southern California. This infrastructure supplies natural gas-fired power plants operated by Burbank Water & Power (BWP), Glendale Water & Power (GWP), LADWP, and others in the LA Basin. For many years, SoCal Gas has used its Aliso Canyon natural gas storage facility, located near Porter Ranch, California, to ensure reliable natural gas supply in the basin, including to these generators. Aliso Canyon is the largest such facility in the Western United States. On October 23, 2015, one of Aliso Canyon's 114 wells began to leak and the facility was shut down and mostly emptied. The leak was plugged on February 18, 2016, after significant leakage of natural gas into the atmosphere. SoCal Gas, the California Governor's Office, the California legislature, numerous federal and state agencies, electric utilities (including BWP), and other stakeholders have been working since the leak was discovered to understand the leak's potential impact on electric reliability and develop mitigation plans. In this connection, action plans have been jointly developed by the California Public Utilities Commission (CPUC), the CEC, the

CITY OF BURBANK WATER AND POWER

California Independent System Operator, SoCal Gas, and LADWP (together, the Aliso Working Group). On July 19, 2017, the CPUC and the Division of Oil, Gas, and Geothermal Resources cleared SoCal Gas to resume limited injections at the Aliso Canyon natural gas storage facility. It will now operate at approximately 28 percent capacity. Enhancements were implemented to improve the margin of safety at the State's direction. At the State's direction, the field will also be operated at a reduced pressure. In addition, SoCal Gas has implemented industry leading practices including enhanced training for employees and contractors, around-the-clock pressure monitoring of all wells in a 24-hour operations center, daily patrols to visually inspect every well four times a day, and daily infrared thermal scanning of each well.

Southern California continues to experience natural gas reliability and affordability challenges because of supply and demand mismatches. SoCal Gas' system capacity and supply are primarily a function of two components - transmission pipelines, which bring gas into and then transport it throughout the system; and underground natural gas storage connected to transmission pipelines near system load. While one component of the system's limited supply is the transmission pipeline reductions and outages, the other critical component is storage operating constraints from the CPUC restricting the use of the Aliso Canyon Storage Facility. The current effective withdrawal protocol is restrictive but is less restrictive than the previous protocol, in that Aliso Canyon was only allowed to be withdrawn from if curtailment was imminent, but now can occur under less acute circumstances. SoCal Gas Pipeline 235-5 returned to service at a reduced pressure on October 15, 2019 after a rupture occurred on the pipeline on October 1, 2017; however it was again removed from service on January 27, 2020 after a preliminary report was received indicating a single location that needed to be immediately remediated. The repair was completed, and the pipeline was returned to service at a reduced pressure on February 17, 2020. Following the Line 235-2 rupture, SoCal Gas reduced the pressure of Line 4000 because it is in the same "family" of pipelines as Line 235-2. SoCal Gas lowered the pressure to increase the factor of safety on the pipeline until SoCal Gas can conduct further analysis of Line 4000 based on what is learned from Line 235-2. In addition, this increased safety margin and reduced the safety risk to employees working on Line 235-2, which is in close proximity to Line 4000 for the first five to six miles. Line 4000 was taken out of service on September 19, 2019 for validation digs. Line 4000 returned to service on October 24, 2019 at reduced pressure.

Water Utility Fund

Water Utility Fund highlights:

- The water production facilities and systems were very reliable with 6.8% of potable water unbilled, including losses, compared to the national average of approximately 16% and the state average of approximately 7.0%.
- Total net position was higher by $1,400, or 2.3%, compared to the prior fiscal year due to favorable operating results.
- The Water Utility Fund pre-paid $4,100 to Metropolitan Water District of Southern California (MWD) for 5,609 AF (acre feet) of imported water under the Cyclic Storage Program during the fiscal year, for future use. This investment is intended to mitigate future impacts of planned upgrade work at the Pacoima Spreading Grounds and higher priced untreated water. (See Environmental, Supply and Economic Factors).
- On June 1, 2020, the Water Utility opted for an early redemption of the 2010A Water Bonds to take advantage of interest rate savings. Water Utility paid $2,065 from cash reserves for the full redemption of the 2010A Water Revenue Bonds.
- Burbank's water rates are amongst some of the lowest in the region. The City Council approved a 4.9% water rate increase effective July 1, 2019.

Financial Analysis

Schedule of Revenues, Expenses, and Changes in Fund Net Position *($ in thousands)*

	2020	2019	Incr. (Decr.)
Potable water (in AF)	15,009	14,871	138
Recycled water (in AF)	3,032	2,824	208
Operating revenues:			
Potable water sales	$ 28,440	$ 26,825	$ 1,616
Recycled water sales	3,953	3,753	200
Intergovernmental	32	39	(7)
Other revenues	923	663	260
Total operating revenues	33,349	31,280	2,069
Operating expenses:			
Water supply expenses	12,994	11,892	1,102
Operations, maintenance and administration	12,085	10,986	1,099
Other operating expenses	2,062	1,795	267
Depreciation	4,072	3,929	143
Total operating expenses	31,213	28,602	2,611
Operating income	2,136	2,678	(542)
Nonoperating income (expenses):			
Interest income	492	546	(54)
Bond interest expense	(1,687)	(1,730)	42
Loan interest expense	(246)	(191)	(55)
Gain (loss) on disposal of capital assets	6	4	2
Other income (expenses), net	(14)	538	(552)
Total nonoperating income (expenses)	(1,449)	(833)	(616)
Income before contributions	687	1,845	(1,158)
Capital contributions and transfers:			
Capital contributions	727	606	121
Transfers to the City	(14)	-	(14)
Total capital contributions and transfers	713	606	107
Change in net position	1,400	2,451	(1,051)
Net position, beginning of year	60,789	58,338	2,450
Net position, end of year	$ 62,189	$ 60,789	$ 1,400

Potable water sales were the primary source of revenue for the Water Utility. Potable water revenue made up 85.3% of the total Water Utility operating revenues. Potable water sales volume increased by 138 AF, or 0.9%, compared to the prior fiscal year due to lower rainfall. Burbank received 14.51 inches of rainfall this fiscal year compared to an average precipitation of 15.13 inches. Potable water revenues were higher by $1,616, or 6%, compared to the prior fiscal year as a result of higher demand and a 4.9% rate increase that went into effect in July 2019.

Recycled water sales (in AF) made up 16.8% of total water sales. Increasing the use of recycled water for landscaping and industrial or commercial cooling towers helps make water availability in Burbank more sustainable. During the fiscal year, four new customer connections were added or converted from the potable to the recycled water system. Recycled water sales volume increased by 208 AF, or 7.4%. The prior fiscal year had lower recycled water sales due to the failure of pumps at the Beachwood Sewage Lift Station. The Beachwood Sewage Lift Station operated by the Burbank Public Works Department suffered a complete failure of their pumping capability on April 1, 2018. This station pumped approximately half of Burbank's sewage flow to the reclamation plant where recycled water is recovered. The flow was bypassed to Los Angeles for treatment. This situation significantly reduced the availability of recycled water and at certain times of the day required potable water to be added to the Recycled Water System. The pump station resumed operation in September 2019. Recycled water revenues were higher by $200, or 5.3%, compared to the prior fiscal year as a result of higher sales volume and a 4.9% rate increase that went into effect in July 2019.

Other revenues include connection fees, recycled water credits and other miscellaneous revenues. These revenues were $260, or 39.2%, higher than the prior fiscal year due to higher revenues from MWD's local resource program (LRP). MWD provides financial incentives for local resource development within MWD's service area for the purposes of improving regional water supply reliability.

CITY OF BURBANK WATER AND POWER

Water supply expenses were higher by $1,102, or 9.3%, compared to the prior fiscal year due to higher demand and MWD rate increases. MWD increased treated water rates by 3.4% and 2.7% in January 2019 and January 2020, respectively. The average cost of MWD's treated water was $1,064/AF, compared to $1,033/AF in the prior fiscal year. MWD treated water made-up approximately 42.1% of the City's potable water supply for the fiscal year compared to approximately 37.5% in the prior fiscal year. MWD water costs continue to be mitigated in part by the displacement of potable water by recycled water and by production at Burbank's groundwater treatment facility known as the Burbank Operable Unit (BOU). The BOU supplied approximately 57.9% of the City's potable water supply for the fiscal year compared to approximately 62.5% in the prior fiscal year. In April 2020, there was a fire at an electrical substation that supplies electricity to the BOU. The fire interrupted electrical service to the BOU shutting down water production for three days necessitating the purchase of additional water from MWD (see Environmental, Supply, and Economic Factors). The BOU ran at 68.0% of operating capacity for the fiscal year compared to the prior fiscal year's capacity of 67.4%. The Water Utility purchased 6,600 AF of untreated water from MWD for groundwater storage and future BOU production; storing ground water drought proofs a significant portion of the City's water supply. The average cost of MWD's untreated water was $743/AF, compared to $713/AF in the prior fiscal year, an increase of 4.2%.

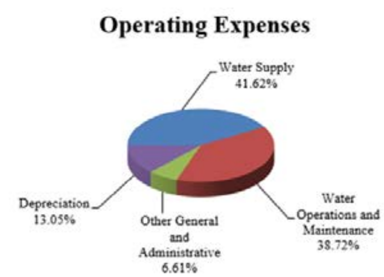
Operations, maintenance, and administrative expenses were $1,099, or 10.0%, higher compared to the prior fiscal year. The higher expenses were largely attributed to higher professional service expenses.

Other operating expenses were $267, or 14.8%, higher compared to the prior fiscal year. The higher expenses were largely attributed to higher expense allocation from the Electric Utility.

Other expenses were $552, or 102.5%, higher primarily as a result of unfunded pension liability pre-payment. In line with City of Burbank's pension prepayment plan, this fiscal year was the first year of the multi-year funding plan to reduce future pension obligations. Additional information can be found in Note 15 to the basic financial statements.

As of June 30, 2020, the Water Utility had $27,945 in outstanding revenue bonds and $5,973 in outstanding SWRCB loans (see Debt Administration). The Water Utility paid $1,687 in bond interest expense, compared to $1,730 in the prior fiscal year, and paid $246 in loan interest expense, compared to $191 in the prior fiscal year.

Capital contributions were $121, or 19.9%, higher compared to the prior fiscal year, primarily due to capital contributions for the Burbank bridge replacement.



The Water Utility Fund's net positions as of June 30, 2020 and June 30, 2019 were as follows:

WATER AND POWER

Schedule of Net Position *($ in thousands)*

	2020	2019	Incr. (Decr.)
Assets			
Current and regulatory assets	$ 27,354	$ 25,106	$ 2,248
Noncurrent and regulatory assets	42	75	(33)
Capital assets, net of accumulated depreciation	93,804	94,618	(814)
Total assets	**121,199**	**119,798**	**1,401**
Deferred outflows of resources			
Deferred outflows of resources	2,323	2,391	(69)
Total deferred outflows of resources	**2,323**	**2,391**	**(69)**
Liabilities			
Current liabilities	4,437	4,503	(66)
Noncurrent and regulatory liabilities	53,273	53,129	144
Total liabilities	**57,710**	**57,632**	**77**
Deferred inflows of resources			
Deferred inflows of resources	3,621	3,769	(148)
Total deferred inflows of resources	**3,621**	**3,769**	**(148)**
Net position			
Net investment in capital assets	60,064	57,092	2,972
Restricted for debt service	91	182	(92)
Unrestricted	2,033	3,516	(1,483)
Total net position	**$ 62,189**	**$ 60,789**	**$ 1,400**

Changes in total net position may serve as useful indicators of the Water Utility Fund's financial strength over time.

Total net position was higher by $1,400, or 2.3%, compared to the prior fiscal year (see Schedule of Revenues, Expenses, and Changes in Fund Net Position). A significant portion of the Water Utility's total net position was in net investment in capital assets of $60,064, or 96.6%, of total net position (see Capital Assets). The restricted net position of $91, or 0.1%, was debt service fund requirements related to the Water Revenue bonds (see Debt Administration). The unrestricted net position of $2,033, or 3.3%, of total net position were funds available for future capital investments and maintenance activities.

As of June 30, 2020, total assets increased by $1,401, or 1.2%, primarily due to the purchase of cyclic storage water for future use (See Environmental, Supply and Economic Factors). Deferred outflows of resources as of June 30, 2020 decreased by $69, or 2.9%, compared to the prior fiscal year primarily due to lower deferred amounts from pensions and Other Post-Employment Benefits (OPEB). Additional information on GASB Statement No. 68 and 75 as it relates to pensions and OPEB can be found in Note 16 and 17 to the basic financial statements. Total liabilities as of June 30, 2020 increased by $77, or 0.1%, compared to the prior fiscal year. This increase was due to an increase in inter-fund loan payable, increases in customer deposits and accounts payable, offset partially by repayment of revenue bonds payable (see Debt Administration). During the fiscal year, the Water Utility Fund borrowed $2,500 of inter-fund loan from the Electric Utility Fund for the purchase of cyclic storage water from MWD. Deferred inflows of resources as of June 30, 2020 decreased by $148, or 3.9%, compared to the prior fiscal year primarily due to lower amounts deferred on pensions.

Capital Assets

As of June 30, 2020, the Water Utility Fund invested $93,804, or 77.4%, of its total assets in capital improvements. Capital improvement programs are designed to upgrade, replace and expand the water system infrastructure, ensure reliability, and provide safe drinking water and services at competitive rates.

For the fiscal year, the Water Utility invested $3,258 in the acquisition and construction of capital assets funded from cash reserves and AIC funds. The majority of the investments were for the replacement and upgrade of distribution of water mains, service expansions and meter replacements.

The Water Utility has on-going capital improvement programs, such as main, and service and meter replacement programs, which are designed to upgrade, replace and expand the water system infrastructure to ensure reliability, and to provide safe and accurately measured services. The water production facilities and systems were very reliable with 6.8% of unbilled

CITY OF BURBANK WATER AND POWER

water, including losses, compared to the national average of approximately 16% and the state average of approximately 7%. These ongoing and pro-active investments reflect the Water Utility's goal of delivering competitive rates and safe drinking water with reliable production and distribution facilities.

Some of the major capital investments for the fiscal year include:

($ in thousands)		
Potable System Expansion	$	639
Potable Large Water Mains		424
Recycled System Expansion		394
Potable Storage - Reservoirs and Tanks		352
Potable Meter Replacements		347
Potable Small Water Mains		244
Potable Transmission Main Valves Replacement		147
Potable Miscellaneous Facilities		125
Potable Hydrants Replacement		101
Total	**$**	**2,774**

Additional information on capital assets can be found in Note 7 to the basic financial statements.

Debt Administration

As of June 30, 2020, the Water Utility had $27,945 in outstanding revenue bonds, of which none will be due within a year. During the fiscal year, the Water Utility opted for early redemption of the 2010A Water Bonds to take advantage of interest rate savings. In 2010, the City of Burbank issued the 2010A Water Revenue Bonds with an early redemption option for bonds maturing after June 2020. Water Utility paid $2,065 for the full redemption of 2010A Water Revenue Bonds in addition to the annual principal due of $895.

The Water Utility received a total of $9,254 in loans from the State Water Resources Control Board (SWRCB) for three recycled water transmission main extensions and a water pumping station beginning fiscal year 2011-12.

All the SWRCB loans have 20-year repayment terms with an annual interest rate of 2.6%. As of June 30, 2020, there was $5,973 outstanding in SWRCB loans, of which $443 will be due within a year. The Water Utility repaid $431 towards these outstanding loans this fiscal year.

During the fiscal year, the Water Utility Fund borrowed an additional $2,500 of inter-fund loan from the Electric Utility Fund for the purchase of cyclic storage water from MWD. The interest rate for the loans is the City of Burbank's pooled investment return rate. The payment term of the loan borrowed during the fiscal year is not to exceed four years. Additional information on Debt Administration can be found in Note 9 to the basic financial statements.

Environmental, Supply, and Economic Factors

The California State Water Project (SWP) is a state water management project that collects water from rivers in Northern California and through a network of aqueducts and pumping stations and redistributes it to the south. Water allocation from the SWP varies according to factors including reservoir storage, weather projections, and projected runoff into streams, reservoirs, and aquifers. These factors are impacted by precipitation that usually occurs from December through April, when California historically receives more than 90% of its snow and rain. On May 22, 2020, the Department of Water Resources (DWR) increased the SWP allocation amounts from 15 to 20% due to above-average precipitation in May. The May announcement was the final allocation update of 2020. SWP's 2020 allocation amounts to 843,696 AF of water. Reservoir storage, snowpack, precipitation, and releases to meet local deliveries were among several factors used in determining allocations. This year's snowpack is the 11th driest on record since 1950 and precipitation stands as the seventh driest on record since 1977. Thirty percent of California's annual water supply comes from snowpack.

In 2017, MWD created a Cyclic Storage Program to store water supply that was in excess of MWD's demand and storage capacity. The program allowed MWD to deliver water in advance of demand to Member Agencies for storage in the groundwater basin. Member agencies participating in the program would be charged MWD's rate for full service untreated water in effect at the time the stored water was withdrawn and the water taken without affecting the capacity charge that would otherwise be in place. In December of 2018, BWP purchased 5,719 AF of Cyclic Storage Water (CSW) under this program. Due to the bountiful 2019 water year, the Cyclic Storage Water (CSW) was offered. During the fiscal year, the Water Utility made an advance payment of CSW to replaced planned purchases for FYs 21/22 and 22/23 of $4,100 (5,609 AF for $731/AF). Burbank intends to coincide the use of CSW with planned upgrade work at the Pacoima Spreading Grounds (PSG) that is currently anticipated to commence in the Fall of 2021 and finish in the Spring of 2023; any remaining CSW will be used to displace future higher priced untreated water. The PSG is where Burbank typically spreads annually about 6,600 AF of water for storage in the San Fernando Groundwater Basin. Burbank ratepayers will benefit from these advance purchases by avoiding MWD's future rate increases.

During this fiscal year, the construction of the "temporary interconnection" (LAIX) under the agreement between BWP and LADWP was completed. This temporary interconnection allows the Burbank Operable Unit (BOU) to maximize BOU capacity to benefit Burbank ratepayers when BWP demand is lower than BOU capacity, typically during winter months. The transfer agreement stipulates that LADWP will directly reimburse MWD for the treated water used to blend with the treated ground water and will reimburse BWP for their volumetric portion of the costs to operate, maintain, distribute and pump the water. The LAIX began normal operation in October 2019 and continues to date. During the fiscal year, 810.7 A.F. was delivered to LADWP through temporary interconnection.

In April 2020 there was a fire at an electrical substation that supplies electricity to the City ground water treatment plant and well field, also known as the BOU. The fire interrupted electrical service to the BOU shutting down water production for three days necessitating the purchase of additional water from MWD. The BOU was placed in service at half capacity for approximately three weeks before repairs could be completed and the BOU brought back to full capacity.

On October 23, 2018, America's Water Infrastructure Act (AWIA) was signed into U.S. Federal law. AWIA Section 2013 requires community drinking water systems serving more than 3,300 people to develop or update risk assessments and emergency response plans (ERP). The law specifies the components that the risk assessments and ERPs must address and establishes deadlines by which water systems must certify to U.S. Environmental Protection Agency completion of the risk assessment and ERP. The risk assessment was certified as complete on March 25, 2020. The findings of the risk assessment were incorporated into the updated emergency response plan, which was also certified as complete on September 24, 2020. The certifications were completed ahead of their respective deadlines. All requirements pertaining to AWIA have been fulfilled. The law requires community drinking water systems to perform risk assessments and update their ERPs every five years, with the next certification due in 2025.

Requests for Information

This financial report is designed to provide a general overview of the Electric and Water Utility Enterprise Funds. Questions concerning any information provided in this report, or requests for additional financial information, should be addressed to Bob Liu, Chief Financial Officer, Burbank Water and Power, 164 W. Magnolia Blvd., Burbank, CA 91502.

CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS
Statement of Net Position
June 30, 2020
(With comparative financial information for the year ended June 30, 2019)
(In Thousands)

	Electric		Water	
Assets	**2020**	**2019**	**2020**	**2019**
Current and regulatory assets:				
Cash and cash equivalents (note 2):				
General operating	$ 46,226	61,975	7,295	10,293
Capital and debt reduction	10,000	10,000	2,220	2,220
General plant	800	800	-	-
Fleet replacement	2,210	2,210	-	-
Greenhouse gas credits' proceeds	69	69	-	-
Lower carbon fuel credits' proceeds	3,413	2,267	-	-
WCAC	-	-	-	162
Distribution mains	-	-	1,100	1,100
Total cash and cash equivalents	62,719	77,320	10,615	13,775
Accounts receivable, net (note 3)	14,930	13,482	3,834	3,108
Inventories (note 4)	7,102	7,538	623	3,790
Interfund receivable (note 11)	6,450	4,340	-	-
Deposits and prepaid expenses (note 5)	31,830	31,243	11,981	4,023
Interest receivable	259	403	40	59
Regulatory costs to be recovered in one year (note 6)	51	75	169	168
Restricted nonpooled investments (note 2)	2,511	5,896	92	182
Total current and regulatory assets	125,852	140,297	27,354	25,106
Noncurrent and regulatory assets:				
Regulatory costs for future recovery (notes 4, 6)	3	43	42	75
Total noncurrent and regulatory assets	3	43	42	75
Capital assets (note 7):				
Land	2,734	2,734	309	309
Rights to purchase power	1,335	1,335	-	-
Utility plant and buildings	518,636	490,837	158,535	153,415
Machinery and equipment	74,943	71,153	7,660	6,645
Construction in progress	34,020	41,898	4,541	7,541
Total utility plant and equipment	631,668	607,957	171,045	167,910
Less accumulated depreciation	(320,861)	(301,451)	(77,241)	(73,292)
Total capital assets, net	310,807	306,506	93,804	94,618
Total assets	436,662	446,845	121,199	119,798
Deferred outflows of resources:				
Deferred amounts from pensions (note 16)	13,795	14,603	2,230	2,298
Deferred amounts from OPEB (note 17)	1,118	682	93	93
Total deferred outflows of resources	14,913	15,285	2,323	2,391
Total assets and deferred outflows of resources	$ 451,575	462,131	123,522	122,189

See accompanying notes to basic financial statements. (Continued)

CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS
Statement of Net Position
June 30, 2020
(With comparative financial information for the year ended June 30, 2019)
(In Thousands)

		Electric		Water	
Liabilities		**2020**	**2019**	**2020**	**2019**
Current liabilities:					
Accounts payable	$	5,714	5,949	2,028	1,437
Accrued expenses		1,910	819	-	-
Bond interest payable		284	344	136	147
Due to the City of Burbank		172	167	-	-
Customer deposits (note 10)		11,085	11,481	1,767	1,525
Current portion of revenue bonds payable, net (note 9)		1,090	4,485	-	895
Current portion of loan payable (note 9)		-	-	443	431
Current portion of compensated absences (note 9)		280	335	63	67
Total current liabilities		20,535	23,580	4,437	4,503
Noncurrent liabilities:					
Revenue bonds payable, net (note 9)		53,665	65,470	27,859	30,045
Loan payable (note 9)		-	-	5,530	5,973
Interfund payable (note 11)		-	-	6,450	3,950
Compensated absences (note 9)		6,214	5,414	865	750
Net OPEB liability (note 17)		3,382	5,387	455	913
Net pension liability (note 16)		74,938	73,226	12,114	11,499
Total noncurrent and regulatory liabilities		138,199	149,497	53,273	53,129
Total liabilities		158,734	173,077	57,710	57,632
Deferred inflows of resources:					
Deferred amounts on pensions (note 16)		3,414	5,184	552	814
Deferred amounts on OPEB (note 17)		2,450	373	415	20
Regulatory credits for future recovery (note 8)		-	-	-	162
Regulatory credits (note 14)		490	584	2,654	2,772
Total deferred inflows of resources		6,354	6,141	3,621	3,769
Net Position					
Net position:					
Net investment in capital assets		258,563	230,655	60,064	57,092
Restricted for debt service		2,511	5,896	92	182
Unrestricted		25,412	46,362	2,033	3,516
Total net position	$	286,486	282,913	62,189	60,789

See accompanying notes to basic financial statements.

CITY OF BURBANK

WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS

Statement of Revenues, Expenses and Changes in Fund Net Position

June 30, 2020

(With comparative financial information for the year ended June 30, 2019)

(In thousands)

	Electric		Water	
	2020	**2019**	**2020**	**2019**
Operating revenues:				
Sale of power-retail	$ 158,024	162,386	-	-
Sale of power and fuel-wholesale (note 13)	15,442	21,791	-	-
Sale of water	-	-	32,394	30,578
Intergovernmental	94	94	32	39
Other revenues	7,180	8,410	923	663
Total operating revenues	180,740	192,681	33,349	31,280
Operating expenses:				
Power supply expenses-retail (note 12)	95,650	97,292	-	-
Purchased power and fuel expenses-wholesale (note 13)	14,126	20,273	-	-
Water supply expenses (note 1)	-	-	12,994	11,892
Water maintenance and operation expenses	-	-	12,085	10,986
Transmission expenses	13,544	13,986	-	-
Distribution expenses	12,535	10,739	-	-
Other operating expenses (note 1)	24,712	24,167	2,062	1,795
Depreciation	20,162	18,281	4,072	3,929
Total operating expenses	180,729	184,737	31,213	28,602
Operating income	11	7,943	2,136	2,678
Nonoperating income (expenses):				
Interest income	3,330	4,205	492	546
Bond interest expense	(4,071)	(4,319)	(1,687)	(1,730)
Loan interest expense	-	-	(246)	(191)
Gain (loss) on disposal of capital assets (note 1)	118	122	6	4
Other income (expenses), net (notes 14, 15)	(1,816)	1,223	(14)	538
Total nonoperating income (expenses)	(2,439)	1,231	(1,449)	(833)
Income before contributions	(2,428)	9,174	687	1,845
Capital contributions	6,361	8,180	727	606
Transfers from the City	1	-	-	-
Transfers to the City	(358)	-	(14)	-
Total capital contributions and transfers	6,004	8,180	713	606
Change in net position	3,573	17,354	1,400	2,451
Net position, July 1	282,913	265,559	60,789	58,338
Net position, June 30	$ 286,486	282,913	62,189	60,789

See accompanying notes to basic financial statements

CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS
Statement of Cash Flows
June 30, 2020
(With comparative financial information for the year ended June 30, 2019)

(In Thousands)

	Electric		Water	
	2020	**2019**	**2020**	**2019**
Cash flows from operating activities:				
Cash received from customers	$ 179,153	193,760	32,666	31,438
Cash paid to suppliers	(104,638)	(151,142)	(22,815)	(18,510)
Cash paid to employees	(54,471)	(25,833)	(8,397)	(6,516)
Other income (expense)	(1,816)	1,240	(14)	572
Net cash provided by operating activities	18,228	18,025	1,440	6,984
Cash flows from noncapital financing activities:				
Payments received from other funds	-	280	-	-
Loans to other funds	(2,500)	(3,950)	-	-
Proceeds from other governmental agencies	94	94	32	39
Proceeds from other funds	390	-	2,500	3,950
Transfers to / from other funds	(357)	50	(14)	-
Net cash provided by (used in) noncapital financing activities	(2,373)	(3,526)	2,518	3,989
Cash flows from capital and related financing activities:				
Principal payments - bond	(15,889)	(4,280)	(2,960)	(860)
Interest paid	(3,442)	(4,336)	(1,797)	(1,733)
Contributed capital	6,361	8,180	727	606
Acquisition and construction of assets	(24,463)	(30,495)	(3,258)	(8,479)
Proceeds from sales of capital assets	118	122	-	-
Principal payments - loan payable	-	-	(431)	(421)
Net cash used in capital and related financing activities	(37,315)	(30,809)	(7,719)	(10,887)
Cash flows from investing activities:				
Interest received	3,474	4,205	511	545
Decrease in investments	3,388	-	91	-
Net cash provided by investing activities	6,862	4,205	602	545
Net increase (decrease) in cash and cash equivalents	(14,599)	(12,105)	(3,158)	631
Cash and cash equivalents - July 1	77,320	89,425	13,775	13,145
Cash and cash equivalents - June 30	$ 62,719	77,320	10,615	13,775

See accompanying notes to basic financial statements.

CITY OF BURBANK
WATER AND ELECTRIC UTILITY ENTERPRISE FUNDS

Statement of Cash Flows
June 30, 2020
(With comparative financial information for the year ended June 30, 2019)

(In Thousands)

		Electric		Water	
		2020	**2019**	**2020**	**2019**
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities :					
Operating income (loss)	$	11	7,943	2,136	2,678
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation		20,162	18,281	4,072	3,929
Other income		1,173	1,240	605	572
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable		(1,448)	2,977	(726)	227
(Increase) decrease in due to/from City of Burbank		-	(4,164)	-	-
(Increase) decrease in inventories		436	(1,238)	3,167	(304)
(Increase) decrease in prepaid items		(587)	98	(7,959)	(3,989)
(Increase) decrease in deferred outflows		372	7,154	68	1,111
Change in reporting of operating / non-operating income		(3,085)	(182)	(891)	(260)
(Increase) decrease in deferred bond issuance costs		64	(297)	-	(37)
Increase (decrease) in accounts payable and accrued expenses		862	(3,320)	432	(420)
Increase (decrease) in interfund payable		-	-	-	3,950
Increase (decrease) in net pension and OPEB liability		(293)	(5,408)	157	(842)
Increase (decrease) in deferred inflows		307	(53)	133	(308)
Increase (decrease) in compensated absences		745	598	111	(73)
Increase (decrease) in unearned revenue		-	(6,440)	(118)	(118)
Increase (decrease) in customer deposits		(396)	2,179	253	867
Increase (decrease) in deferred revenue		(94)	(1,343)	-	-
Total adjustments		18,218	10,081	(697)	4,306
Net cash provided by operating activities	$	18,228	18,025	1,440	6,984
Noncash investing, capital, and financing activities:					
Increase (decrease) in fair value of investments	$	1,182	1,895	205	285

See accompanying notes to basic financial statements

NOTE 1: Summary of Significant Accounting Policies

(A) Accounting Methods

The reporting model includes financial statements prepared using full accrual accounting for the Electric and Water Utility Funds' activities of the City of Burbank (City). This approach includes not just current assets and liabilities, but also capital and other long-term assets, as well as long-term liabilities and deferred outflows / inflows of resources. Accrual accounting also reports all of the revenues and costs of providing services each fiscal year, not just those received or paid in the current fiscal year or soon thereafter.

The basic financial statements include the following:

Statement of Net Position – The statement of net position is designed to display the financial status of the reporting entity. The net position of the Electric and Water Utility Funds are separated into three categories – 1) net investment in capital assets, 2) restricted for debt service, and 3) unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position are those in which use is restricted through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of entities with jurisdiction, or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position consists of net position that do not meet the definition of restricted or net investment in capital assets.

Statement of Revenues, Expenses and Changes in Fund Net Position – The statement of revenues, expenses and changes in fund net position reports revenues by major source and distinguishes between operating and nonoperating revenues and expenses.

Statement of Cash Flows – For the purposes of the statement of cash flows, the Electric and Water Utility Funds include their portion of the City's pooled cash and investments and restricted investments with an original maturity of three months or less as cash equivalents. The Electric and Water Utility Funds consider the pooled cash and investments to be a demand deposit account whereby monies may be withdrawn or deposited at any time without prior notice or penalty.

(B) Basis of Presentation

The Electric and Water Utility Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the City Council is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be recovered primarily through user charges or (b) where the City Council has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital expenditures, public policy, management control, accountability and other purposes.

C) Reporting Entity

The Electric and Water Utility Funds' operations were established by the City in 1913. Burbank Water and Power (BWP) manages the generation, purchase, transmission, distribution, and sale of water and electric energy. The activities of BWP are overseen by the City Council.

The Electric and Water Utility Enterprise Funds are used to account for the operation, maintenance, and construction of the City-owned electric and water utility. The City considers the Electric and Water Utility Funds to be Enterprise Funds (a proprietary fund type) as defined under accounting principles generally accepted in the United States of America. As an integral part of the City's overall operations, the Electric and Water Utility Funds' operations are also included in the City's Comprehensive Annual Financial Report.

The Electric and Water Utility Funds follow the regulatory accounting criteria set forth per the GASB (Government Accounting Standards Board) Codification, where the effects of the ratemaking process are recorded in the financial statements. As a result, certain revenues and expenses have been recorded in the Electric and Water Utility Enterprise Funds in order to not impact future electric and water rates to customers.

Only the funds of the Electric and Water Utility are included herein, therefore, these financial statements do not purport to represent the financial position or results of operations of the City of Burbank, California.

(D) New Accounting Pronouncements

<u>Current Year Standards</u>

- GASB (Government Accounting Standards Board) 95—*Postponement of the Effective Dates of Certain Authority Guidance*, effective during fiscal year 2019-20 and resulted delaying the implementation requirements for certain Statements and Implementation Guides to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic.

- GASB 97— *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, effective for fiscal years beginning after June 15, 2021, paragraphs 4 and 7. The requirements of these paragraphs did not impact the City.

<u>Pending Accounting Standards</u>

GASB has issued the following statements which may impact the Utility's financial reporting requirements in the future:

- GASB 84 – *Fiduciary Activities*, effective for reporting periods beginning after December 15, 2019.

- GASB 87— *Leases*, effective for periods beginning after June 15, 2021.

- GASB 89—*Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for reporting periods beginning after December 15, 2020.

- GASB 90—*Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*, effective for reporting periods beginning after December 15, 2019.

- GASB 91—*Conduit Debt Obligations*, effective for reporting periods beginning after December 15, 2021.

- GASB 92—*Omnibus 2020*, primarily effective for reporting periods beginning after June 15, 2020.

- GASB 93—*Replacement of Interbank Offered Rates*, effective for periods beginning after June 15, 2021.

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- GASB 94—*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for periods beginning after June 15, 2022.

- GASB 96—Subscription-Based Information Technology Arrangements, effective for fiscal years beginning after June 15, 2022.

- GASB 97—*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, effective for fiscal years beginning after June 15, 2021, except for the requirements of paragraph 4 .

E) Self-Insurance

The Electric and Water Utility Funds are part of the City's self-insurance programs, which provide coverage for general liability and workers' compensation claims. See NOTE 18, Self-Insurance, for additional information on the City's self-insurance programs.

(F) Capital Assets

Capital assets are recorded at cost or, in the case of gifts or contributed assets, at acquisition value at the date of donation. The threshold for capitalizing assets is $5 or greater, except for betterments which could be less. When items are sold or retired, related gains or immaterial losses are included in nonoperating income (expenses). Material losses on retirements are reported as regulatory assets, as provided by GASB Statement No. 62, to be collected from future ratepayers. There are no material losses on retirements as of June 30, 2020. Maintenance and repairs that do not add value to or materially extend useful lives of assets are expensed as incurred. Improvements to plant and equipment are capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows (see NOTE 7):

Boiler Plant	20 to 30 years
Buildings and Improvements	25 to 40 years
Distribution Stations	30 years
Electric Meters	10 years
Machinery and Equipment (except vehicles)	5 to 40 years
Office Equipment	5 years
Poles, Towers, and Fixtures	30 to 40 years
Production Plant	20 to 40 years
Reservoirs and Tanks	40 years
Transformers	25 years
Transmission Equipment	40 years
Transmission Structures	40 years
Vehicles	5 to 12 years
Water Meters	20 years
Water Services	30 years
Water Wells and Springs	40 years

(G) Accounts Receivable and Allowance for Uncollectible Accounts

Accounts receivable includes billed and unbilled utility customer accounts, wholesale power sales, and miscellaneous charges unpaid as of June 30, 2020, offset by estimates for uncollectible accounts. Estimated allowances for uncollectible accounts are adjusted to the 91 days and over receivables' balances (see NOTE 3).

(H) Inventories

Inventories consist of groundwater, materials and supplies held for future consumption and are priced at average cost (see NOTE 4).

(I) Deposits and Prepaid Expenses

The Electric and Water Funds, in the normal course of operations place deposits and reserves with other governmental agencies, power providers and vendors, and record them as such. The Electric and Water Funds also prepay certain expenses, recording them as prepaid, which are then recognized as expense as benefits are received (see NOTE 5).

(J) Restricted Nonpooled Investments

The Electric and Water Funds have restricted nonpooled investments, in the form of debt service and parity reserves, to comply with the covenants contained in the various debt indentures requiring the establishment of certain specific accounts (see NOTES 2 and 9).

(K) Compensated Absences

The cost of employees' vested compensated absences, such as vacation and sick pay benefits, are accrued as they are earned by the employees (see NOTE 9).

(L) Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(M) Revenue Recognition

Revenues are recorded in the period in which they are earned. The Electric and Water Utility Funds accrue estimated unbilled revenue for energy and water sold but not billed at the end of the fiscal period (see NOTE 3). All residential and commercial accounts are billed monthly. Operating revenues consist of retail and wholesale sales of electricity, sales of potable and recycled water, and charges for electric and water related work performed for customers such as aid-in-construction, and service connection and relocation fees.

The Electric Utility Fund's revenues include grant reimbursements from the California Energy Commission (CEC) for systems modernization projects and new electric vehicle charging stations. The CEC total Grants of $1,164 allows for 100% prorated reimbursement for approved expenditures. Grant revenue is deferred to match depreciation expense as capitalized projects have been placed in service (see NOTE 14).

The Water Utility Fund's revenues include the recognition of contributed assets for the Burbank Empire Center and Bob Hope Airport. The values of the contributed assets have been recorded as regulatory credits. The contributed assets are recognized as revenue to match depreciation expense over the course of their useful lives at 25 to 40 years (see NOTE 14).

Also included in the Water Utility Fund's revenues is a Water Cost Adjustment Charge (WCAC). WCAC revenues in excess of water supply expenses have been recorded as regulatory credits (see NOTE 8).

(N) Operating Expenses

Purchased power and fuel expenses include all open market purchases of energy and fuel, firm contracts for the purchase of energy and fuel, energy production costs, and the costs of entitlements for energy and transmission as discussed in NOTE 12.

Water supply expenses include purchased water, electricity used to pump water, and chemicals used in water treatment (see NOTE 8).

Other operating expenses include all costs associated with the Electric and Water Utility Funds' operations and maintenance of general plant and equipment, administration, customer service, telecom and internet services, public benefits programs, warehousing, security, technology operations, work for others and transfers to the City for cost allocations.

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(O) Bond Premiums and Discounts, and Debt Issuance Costs

Initial-issue bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest rate method. Bond issuance costs, including underwriters' discount, are reported as current and noncurrent regulatory costs. Amortization of bond premiums and discounts are included in interest expense (see NOTE 9).

(P) Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Electric and Water Utility Funds' prior year financial statements, from which this selected data was derived. Some prior year data may be classified differently for proper reporting and comparison purposes.

(Q) Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(R) Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB's plan and additions to/deductions from the OPEB plans' fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms.

NOTE 2: Cash and Investments

Cash and investments as of June 30, 2020 are classified in the accompanying financial statements as follows:

	Electric	Water	Total
Unrestricted cash and investments	$ 62,719	10,615	$ **73,333**
Restricted investments	2,511	92	**2,602**
Total	**$ 65,229**	**10,706**	**$ 75,935**
Cash on hand	$ 14	-	$ **14**
Held by fiscal agent	2,511	92	**2,602**
Equity in City investment pool	62,705	10,615	**73,320**
Total	**$ 65,229**	**10,706**	**$ 75,935**

The City combines the cash and investments of all funds into two pools (the City pool, and the Housing Authority pool), except for funds required to be held by outside fiscal agents under the provisions of bond indentures. The Electric and Water Utility Funds have investments of debt proceeds held by bond trustee that are classified as current restricted nonpooled investments.

Each fund's portion of the pooled cash and investments are displayed on the statement of net position. Cash and investments restricted for a specific purpose by either bond resolution, funding agency or an outside third party are classified as restricted assets.

BWP has no separate bank accounts or investments other than investments held by bond trustee and BWP's equity in the cash and investment pool managed by the City. BWP is a voluntary participant in that pool. This pool is governed by and under the regulatory oversight of the Investment Policy adopted by the City Council. BWP has not adopted a formal investment policy separate from that of the City. GASB Statement No. 40 establishes and modifies disclosure requirements related to deposit and investment risks. GASB Statement No. 72 establishes disclosure requirements for fair value measurements related to investments. The information related to authorized investments, credit risk, etc. is available in the Comprehensive Annual Financial Report of the City. The Electric and Water Utility Funds' equity in the City's investment pool is not subject to fair value hierarchy.

The City is responsible for all investments on behalf of the Electric and Water Utility Funds.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Investments held by fiscal agents consists mostly of money market mutual funds, which are due in less than one year.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Code.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The amount of deposits are covered by FDIC (Federal Insurance Deposit Corporation) insurance or collateralized under California law.

The Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Fair Value Measurements

The City's investments are reported at fair value. The City categorizes its fair values measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. Level 1 inputs are quoted prices in active markets for identical assets.

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Level 2 inputs are quoted prices of similar assets in active markets and Level 3 inputs are significant unobservable inputs. Investments held by fiscal agent are not subject to fair value hierarchy.

NOTE 3: Accounts Receivable

Accounts receivable for the Electric and Water Utility Funds as of June 30, 2020 and 2019 are:

	Electric		Water	
	2020	2019	2020	2019
Billed accounts receivable	$ 9,264	$ 7,218	$ 2,244	$ 1,529
Unbilled accounts receivable	6,192	6,447	1,705	1,602
Allowance	(525)	(183)	(115)	(23)
Total	**$ 14,930**	**13,482**	**3,834**	**3,108**

Accounts receivable, net for the Electric and Water Funds increased by $1,448 and $726, respectively, from the prior fiscal year. The increases are partially due to the economic impact of Governor Newsom's Stay at Home and Public Health Executive Order N-33-20, executed in March 2020, on local commercial businesses' and City residents' ability to pay for electric and water services. For the Electric Fund, $495 of its $1,448 increase is due to year-end accruals of wholesale power sales; and for the Water Fund, $308 of its $726 is due to a June 2020 billing for aid-in-construction revenue.

NOTE 4: Inventories

Inventories for the Electric and Water Utility Funds as of June 30, 2020 and 2019 are:

	Electric		Water	
	2020	2019	2020	2019
Materials and supplies inventory	$ 7,102	7,538	623	578
Ground water inventory	-	-	-	3,212
Total	**$ 7,102**	**7,538**	**623**	**3,790**

During the fiscal year, the ground water inventory balance of $3,212 for the Water Utility was reclassified and is reported in Prepaid expense. See Note 5 for further information.

NOTE 5: Deposits and Prepaid Expenses

The Electric Utility Fund shows a total of $31,830 in deposits and prepaid expenses. The composition of these deposits and prepaid expenses includes a $17,163 deposit with Southern California Public Power Authority (SCPPA) for future use in projects, a $10,350 prepayment to the SCPPA Natural Gas Reserve for future gas deliveries, a $2,870 deposit with SCPPA as a fuel reserve for the Magnolia Power Project (MPP), $1,021 in various prepaid renewables, and $314 in administrative prepaid expenses. In addition, in June 2000, the City prepaid a lease payment of $1,500 for the use of land to locate a new switching station. The twenty-year lease began in January 2002. For the fiscal year ended June 30, 2020, the Electric Fund amortized $75 on this prepaid lease, leaving a balance of $112.

The Water Utility Fund shows a total of $11,981 in deposits and prepaid expenses for the fiscal year ended June 30, 2020, compared to $4,023 for the prior fiscal year. The composition of these prepaid expenses include $8,074 of prepaid CSW for future use that includes the previous advance payment of $3,975 (5,718.7 AF for $695/AF) from the prior year, and the current advance payment of $8,924 (12,208.5 AF for $731/AF), reduced by $4,182 or 9,328.3 AF for use during the fiscal year; the ground water inventory balance of $3,212 from the prior fiscal year (see Note 4); and $52 for other administrative prepaid expenses.

NOTE 6: Regulatory Assets (Costs)

Utility regulatory assets are reported for unamortized bond issuance costs. These assets are classified as current and noncurrent, and the balances for the Electric and Water Utility Funds as of June 30, 2020 and 2019 are $54 and $118, and $210 and $243, respectively. During the fiscal year, the Electric and Water Utility's 2010A Series Bonds were paid in full, and the remaining bond issuance costs were fully amortized. The Water Utility's 2010B Series Bonds' term is 30 years.

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NOTE 7: Capital Assets

Electric	Balance as of June 30, 2019	Additions	Deletions	Balance as of June 30, 2020
Capital assets not being depreciated:				
Land	$ 2,734	-	-	$ 2,734
Construction in progress	41,898	25,743	(33,621)	34,020
Total capital assets not being depreciated	44,632	25,743	(33,621)	36,754
Capital assets being depreciated:				
Rights to purchase power	1,335	-	-	1,335
Accumulated depreciation	(842)	-	(64)	(906)
Buildings and improvements	490,837	31,118	(3,319)	518,636
Accumulated depreciation	(244,891)	(15,211)	675	(259,427)
Machinery and equipment	71,153	4,959	(1,169)	74,943
Accumulated depreciation	(55,718)	(4,951)	141	(60,528)
Total capital assets being depreciated, net	261,874	15,915	(3,736)	274,053
Total net capital assets	$ 306,506	41,658	(37,357)	$ 310,807

Water	Balance as of June 30, 2019	Additions	Deletions	Balance as of June 30, 2020
Capital assets not being depreciated:				
Land	$ 309	-	-	$ 309
Construction in progress	7,541	3,405	(6,405)	4,541
Total capital assets not being depreciated	7,850	3,405	(6,405)	4,850
Capital assets being depreciated:				
Buildings and improvements	153,415	5,249	(129)	158,535
Accumulated depreciation	(68,242)	(3,606)	123	(71,725)
Machinery and equipment	6,645	1,072	(57)	7,660
Accumulated depreciation	(5,050)	(466)	-	(5,516)
Total capital assets being depreciated, net	86,768	2,249	(63)	88,954
Total net capital assets	$ 94,618	5,654	(6,468)	$ 93,804

Pacific DC Intertie

The City is a participant in an agreement with the City of Los Angeles, Southern California Edison, the City of Glendale, and the City of Pasadena for an unrestricted 3.846% interest in the Pacific DC Intertie. The City's voting right in the project is directly in proportion to its percentage interest.

During the fiscal year, the Electric Utility invested $2,136 in betterments for its share of the Intertie; and accrued capitalized assets of $179, and $13 in accumulated depreciation and depreciation expense. These capital improvements are expected to continue until 2024.

Note 8: Regulatory Credits for Future Recovery

The Water Utility Fund's revenues include a Water Cost Adjustment Charge (WCAC). WCAC revenues in excess of water supply expenses have been recorded as unearned in a water cost adjustment regulatory credit account. Water supply expenses (WCAC expenses) include purchased water, electricity to pump water, and chemicals used to treat water.

The WCAC regulatory credits balance is $0 and $162 at June 30, 2020 and 2019, respectively, and is reported in deferred inflows of resources. During the fiscal year the Water Utility under collected revenues from its customers.

NOTE 9: Long-Term Liabilities, including Loan Payable and Revenue Bonds Payable

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(A) Loan Payable

Water Loan Payable	2020	2019
This SWRCB Loan was issued for the purpose of upgrading the Recycled Water Pumping Station PS-1 project to create capacity needed to distribute recycled water to new users. The cost of the project is $1,916, of which $521 is funded by the SWRCB loan. The interest rate is 2.6%, with the principal to be repaid no later than November 2030.	$ 330	$ 356
Less current portion	(26)	(26)
Total for Recycled Water Pumping Station	**304**	**330**
This loan was issued for the purpose of Constructing the Valhalla Recycled Water Main Extension. This pipeline extends the existing Recycled Water Distribution System to Valhalla Memorial Park and Cemetery and other recycled water customers in its vicinity. The project also includes the design of a below-grade inline booster station to maintain pressure in the western extents of this extension. The cost of the project was $5,062, of which $3,709 is funded by the SWRCB loan. The interest rate is 2.6%, with the principal to be repaid no later than June 2031.	2,314	2,494
Less current portion	(185)	(180)
Total for Valhalla Recycled Water Main Extension	**2,129**	**2,314**
This loan was issued for the purpose of Constructing the Studio District Recycled Water Main Extension. This pipeline extends the existing Recycled Water Distribution System to Warner Brothers, Disney, and NBC Studios and other recycled water customers in their vicinity. The project also includes the design of a below-grade inline booster station to maintain pressure in the western extents of this extension. The cost of the project was $5,161, of which $3,240 is funded by the SWRCB loan. The interest rate is 2.6%, with the principal to be repaid no later than June 2032.	2,089	2,236
Less current portion	(151)	(147)
Total for Studio District Recycled Water Main Extension	**1,938**	**2,089**
This loan was issued for the purpose of constructing the Northern Burbank Main Extension. This pipeline extends the existing recycled water distribution system to Brace Canyon Park, Woodbury University and I-5 landscaping and other recycled water customers in its vicinity. The cost of the project is estimated to be $1,934, of which $1,784 is funded by the SWRCB loan. The interest rate is 2.6%, with the principal to be repaid no later than June 2033.	1,239	1,318
Less current portion	(81)	(79)
Total for Northern Burbank Main Extension	**1,158**	**1,239**
Total long-term intergovernmental loan payments	**$ 5,530 $**	**$ 5,973**

A schedule of aggregate maturities, including interest, on the intergovernmental loans payable subsequent to June 30, 2020 is as follows:

SWRCB Loan for the Studio District Recycled Water Main Extension		Water	
	Principal	Interest	Total
2021	151	54	205
2022	154	50	204
2023	159	46	205
2024	163	42	205
2025	167	38	205
2026-2030	902	123	1,025
2031-2032	393	15	408
	$ 2,089	**368**	**$ 2,457**

SWRCB Loan for the Northern Burbank Main Extension	Principal	Interest	Total
2021	81	32	113
2022	83	30	113
2023	86	28	114
2024	88	26	114
2025	90	23	113
2026-2030	487	81	568
2031-2033	324	17	341
	$ 1,239	**237**	**$ 1,476**

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SWRCB Loan for the Recycled Water Distribution System

	Water		
	Principal	Interest	Total
2021	26	9	35
2022	27	8	35
2023	28	7	35
2024	28	6	34
2025	29	6	35
2026-2030	158	17	175
2031	34	1	35
	$ 330	54	$ 384

SWRCB Loan for the Valhalla Recycled Water Main Extension

	Principal	Interest	Total
2021	184	60	244
2022	189	55	244
2023	194	50	244
2024	199	45	244
2025	204	40	244
2026-2030	1,104	119	1,223
2031	238	6	244
	$ 2,314	375	$ 2,687

(B) Revenue Bonds Payable

All the revenue bonds issued by the Electric or Water Utility Funds are secured by a pledge of a lien upon the net revenues of the Electric or Water Utility Funds, depending on the purpose of the debt, as well as all amounts on deposit in the funds and accounts established under the indenture, including the reserve account. Net reserves include all revenues received by the Electric or Water Utility Funds, less amounts required for payment of operating expenses. During the fiscal year, the Electric and Water 2010A Series bonds were paid in full.

	Electric	
2010A Series Bonds:	2020	2019
These bonds were issued to partially advance refund the 1998 Bonds and the 2001 Bonds and to pay the costs of issuance of the Series 2010A Bonds. Payable in installments ranging from $2,290 to $3,530. Interest rates ranged from 3.00% to 5.00%. Payments were made semiannually on June 1 and December 1. **These bonds were paid off in May 2020.** The bonds were secured by a pledge of net revenues of the Electric Enterprise Fund, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account.	$ -	$ 13,535
Less:		
Current portion	-	(3,445)
Original issue discount/premium		163
Long-term Bonds Series A of 2010	**$ -**	**$ 10,253**

	Electric	
2010B Series Bonds:	2020	2019
These bonds were issued to finance a portion of the costs of certain improvements to the Electric System, including the conversion of certain residential and commercial distribution circuits, to fund a deposit in the Parity Reserve Fund and to pay the costs of issuance. Payable in installments ranging from $2,210 to $4,195. Interest rates range from 3.00% to 5.00%. Payments are made semiannually on June 1 and December 1, with the final payment to be made on June 1, 2040. The bonds are secured by a pledge of net revenues of the Electric Enterprise Fund, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account.	$ 52,665	$ 52,665
Less:		
Current portion	-	-
Original issue discount/premium	(198)	201
Long-term Bonds Series B of 2010	**$ 52,467**	**$ 52,866**

CITY OF BURBANK
WATER AND POWER

FISCAL YEAR ENDED JUNE 30, 2020 * (in thousands, with certain comparative summary information for the fiscal year ended June 30, 2019)

	Electric	
2012 Series A Bonds:	**2020**	**2019**
These bonds were issued to refund on a current basis all of the outstanding 2002 Electric Bonds and to pay the costs of issuance of the Series 2012A Bonds. Payable in installments ranging from $375 to $1,145. Interest rates range from 2.00% to 5.00%. Payments are made semiannually on June 1 and December 1, with the final payment to be made on June 1, 2022. The bonds are secured by a pledge of net revenues of the Electric Enterprise Fund, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account.	$ 2,235	$ 3,275
Less:		
Current portion	(1,090)	(1,040)
Original issue discount/premium	53	115
Long-term Bonds Series A of 2012	**$ 1,198**	**$ 2,350**
Total Electric long-term revenue bonds payable	**$ 53,665**	**$ 65,470**

	Water	
2010A Series Bonds:	**2020**	**2019**
These bonds were issued to refund on a current basis all of the outstanding 1998 Water Bonds, finance the costs of certain improvements to the City's water system and to pay the costs of issuance of the Series 2010A Bonds. Payable in installments ranging from $165 to $970. Interest rates ranged from 2.00% to 5.00%. Payments were made semiannually on June 1 and December 1. **These bonds were paid off in May 2020.** The bonds were secured by a pledge of net revenues of the Water Enterprise Fund, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account.	$ -	$ 2,960
Less:		
Current portion	-	(895)
Original issue discount/premium	-	128
Long-term Bonds Series A of 2010	**$ -**	**$ 2,193**

	Water	
2010B Series Bonds:	**2020**	**2019**
These bonds were issued to finance the costs of the 2010 Water Project and to pay the costs of issuance of the Series 2010B Bonds. Payable in installments ranging from $850 to $2,275. Interest rates range from 4.89% to 5.79%. Payments are made semiannually on June 1 and December 1, with the final payment to be made on June 1, 2040. The bonds are secured by a pledge of net revenues of the Water Enterprise Fund, as well as all amounts on deposit in the accounts established under the indenture, including the reserve account. The City expects to receive a direct cash subsidy from the United States Department of Treasury equal to 35% of the interest on the Series 2010B Bonds.	$ 27,945	$ 27,945
Less:		
Current portion	-	-
Original issue discount/premium	(86)	(93)
Long-term Bonds Series B of 2010	**$ 27,859**	**$ 27,852**
Total Water long-term revenue bonds payable	**$ 27,859**	**$ 30,045**

The Electric and Water Funds are in compliance with the covenants contained in the various debt indentures, which require the establishment of certain specific accounts for the revenue and revenue/refunding bonds.

A schedule of aggregate maturities on bonds payable subsequent to June 30, 2020 is as follows:

	Electric		Water		
	Principal	**Interest**	**Principal**	**Interest**	**Total**
2021	1,090	3,406	-	1,568	**6,065**
2022	1,145	3,352	-	1,568	**6,066**
2023	-	3,295	850	1,568	**5,714**
2024	2,210	3,295	1,050	1,527	**8,082**
2025	2,295	3,160	1,085	1,475	**8,015**
2026-2030	12,950	13,573	6,020	6,456	**38,999**
2031-2035	15,830	9,211	8,355	4,549	**37,945**
2036-2040	19,380	3,775	10,585	1,885	**35,625**
Total	**$ 54,900**	**43,069** (1)	**27,945**	**20,596**	**$ 146,510**

(1) Electric Series 2010B Bonds are Build America Bonds. $42,900 of the Electric interest shown is gross of the expected receipt of Federal Subsidy equal to 35% of the interest payment due.

CITY OF BURBANK WATER AND POWER

FISCAL YEAR ENDED JUNE 30, 2020 * (in thousands, with certain comparative summary information for the fiscal year ended June 30, 2019)

(C) Pledged Revenue

The Electric and Water Utility Funds have debt issuances outstanding that are collateralized by the pledging of utility net revenues. The amount and term of the remainder of these commitments are indicated in the Revenue Bonds Payable tables in Section (B). Utility net revenues are pledged to secure the payment of the principal and redemption premium, if any, and interest on the bonds outstanding, and any parity debt. All remaining utility net revenues, after making the aforementioned secured payments, will be available to the Electric and Water Funds for all lawful utility purposes. The pledge of utility net revenues shall be irrevocable until all of the bonds and parity debt are no longer outstanding.

	FY 19-20 Net Revenue Pledged	Total Bond Principal Debt	Total Bond Interest Debt	Principal Paid this Fiscal Year	Interest Paid this Fiscal Year
Electric Utility	$ 20,173	54,900	43,069	14,575	4,071 [1]
Water Utility	$ 6,208	27,945	20,596	2,960 [2]	1,687 [1], [3]

[1] Net of 2012B Series Build America Bonds (BAB) Federal subsidy rebates.

[2] For 2010A Series Bonds.

[3] Includes interest only payments of $1,568 for 2010B Series Bonds.

(D) Utility Funds' Long-Term Liabilities

The following is a summary of changes in the Electric Utility Fund's long-term liabilities as of June 30, 2020:

	July 1, 2019	Additions	Retirements	July 1, 2020	Due within 1 Year
Revenue Bonds Payable:					
2010 Series A Bonds	$ 13,535	-	(13,535)	-	$ -
2010 Series B Bonds	52,665		-	52,665	-
2012 Series A Bonds	3,275		(1,040)	2,235	1,090
Compensated Absences	5,749	3,558	(2,813)	6,494	280
	$ 75,224	3,558	(17,388)	61,394	$ 1,370
Less current portion	(4,820)			(1,370)	
Less unamortized bond premium (discount)	480			(145)	
Total	$ 70,884			$ 59,879	

The following is a summary of changes in the Water Utility Fund's long-term liabilities as of June 30, 2020:

	July 1, 2019	Additions	Retirements	July 1, 2020	Due within 1 Year
Loans and Revenue Bonds Payable:					
Intergovernmental Loan Payable	$ 356		(26)	330	$ 26
Intergovernmental Loan Payable	2,494		(180)	2,314	184
Intergovernmental Loan Payable	2,236		(147)	2,089	151
Intergovernmental Loan Payable	1,318		(79)	1,238	81
2010 Series A Bonds	2,960		(2,960)	-	-
2010 Series B Bonds	27,945		-	27,945	-
Compensated Absences	817	537	(425)	928	63
	$ 38,124	537	(3,816)	34,844	$ 506
Less current portion	(1,393)			(506)	
Less unamortized bond premium (discounts)	37			(86)	
Total	$ 36,768			$ 34,254	

NOTE 10: Customer Deposits

A portion of the Utility's customer deposits are nonrefundable due to a mandate from the State of California (Electric Utility) and a BWP Board motion (Water Utility). California AB 1890 directs municipalities, including the Electric Utility, to spend 2.85% of its electric revenues for Public Benefits' (PB) programs, including investment in renewable resources. The entire unspent portion of the PB obligation for the Electric Utility has been recorded in the Electric Utility Fund's liabilities, included in customer deposit liabilities. The amount of the PB obligation is part of customer deposits, but reported as the PB liability. The unspent portion of the PB obligation as of June 30, 2020 and 2019 is $6,990 and $6,069, respectively.

NOTE 11: Related Party Transactions

The City allocates certain administrative and overhead costs to the Electric and Water Utility Funds in the other operating expenses category. These costs for the years ended June 30, 2020 and 2019 were as follows:

CITY OF BURBANK WATER AND POWER

FISCAL YEAR ENDED JUNE 30, 2020 * (in thousands, with certain comparative summary information for the fiscal year ended June 30, 2019)

		Electric		Water	
		2020	2019	2020	2019
Administrative and overhead costs	$	6,087	5,992	2,070	1,999
Total	**$**	**6,087**	**5,992**	**2,070**	**1,999**

The City receives a 7% Utility Users Tax on electric revenues that is not reflected in the Electric Utility Fund's financial statements; it is recorded directly into the General Fund. This tax for the year ended June 30, 2020 and 2019 is as follows:

		Electric	
		2020	2019
Utility Users Tax	$	10,461	10,856
Total	**$**	**10,461**	**10,856**

In addition the City receives a 7% In-lieu of Taxes on electric retail revenues that is not reflected in the Electric Fund's financial statements; it is recorded directly into the General Fund. This tax for the year ended June 30, 2020 is Electric in-lieu of $8,638 and Street Lighting in-lieu of $2,356.

A loan balance owed to the Electric Utility from the Street Lighting Fund has been recorded as Due from the City. In FY 2011-12, the original loan amount was $1,053. During the fiscal year $390 was paid from the Street Lighting Fund to the Electric Fund, and the loan was paid in full.

During the fiscal year, the Water Utility borrowed $2,500 from the City for the purchase of cyclic storage water from MWD. The interest rate for this loan is the City's pooled investment return rate with a term not to exceed 4 years. Last fiscal year, the Utility borrowed $3,950 from the City, also for the purchase of cyclic storage water from MWD. The interest rate for this loan is at the City's pooled investment return rate with payment terms not to exceed August 2027. The loan payable balance at fiscal year-end is $6,450.

NOTE 12: Power Supply and Fuel Expenses - Retail

A) Retail Energy Supply

The City receives electricity through firm contracts, local generation and market purchases. The majority of electricity is delivered through firm contracts, which include "take or pay", "take and pay" and term purchases. Local generation and market purchases supplement firm contracts to meet the City's retail load requirements.

B) Joint Powers Agency Contracts

The City, through its Electric Utility Fund, has entered into several "take or pay" contracts and "take and pay" contracts through its participation in two joint power agencies, the Intermountain Power Agency (IPA) and the SCPPA in order to meet the electric needs of its customers. These contracts are not considered joint ventures since the City has no interest in the assets, liabilities, or equity associated with any of the projects to which these contracts refer.

Under the "take or pay" contract, the City is obligated to pay its share of the indebtedness regardless of the ability of the contracting agency to provide electricity or the City's need for the electricity. The City is only obligated to pay its share of the indebtedness upon delivery of energy under the "take and pay" contracts. However, in the opinion of management, the City does not have a financial responsibility for purposes of GASB Statement No. 14, "Financial Reporting Entity", because the IPA and SCPPA do not depend on revenue from the City to continue in existence.

These contracts constitute an obligation of the Electric Utility Fund to make debt service payments from its operating revenues. The Electric Utility Fund's share of debt service is not recorded as an obligation on the accompanying basic financial statements; however, it is included as a component of its power supply expenses.

During the fiscal years ended June 30, 2020 and 2019, the Electric Fund made payments totaling $58,243 and $55,239 for "take or pay" contracts, respectively, and $16,071 and $19,015 for the "take and pay" contract, respectively.

(a) Intermountain Power Agency (IPA)

In 1980, the City, along with the California Cities of Los Angeles, Anaheim, Glendale, Pasadena and Riverside, entered into a power sales contract with IPA, which obligates each purchaser to purchase, on a "take or pay" basis, a percentage share of capacity and energy generated by the Intermountain Power Project (IPP) in Utah. The City, through contract, is entitled to 60 MW or 3.371% of the 1,800 MW of generation at the plant. In addition, the City entered into an Excess Power Sales Agreement, also on a "take or pay" contract, with Utah municipal and cooperative IPP purchasers, which provides for the City to obtain up to an additional 0.797% (14 MW) when not used by the Utah municipal or cooperative IPP purchasers.

(b) Southern California Public Power Authority (SCPPA)

SCPPA membership consists of 11 Southern California cities and one public irrigation district of the State of California, which serves the electric power needs of its Southern California electricity customers. SCPPA, a public entity organized under the laws of the State of California, was formed by a joint powers agreement dated November 1, 1980, pursuant to the Joint Exercise of Powers Act of the State of California. SCPPA was created for the purpose of planning, financing, developing, acquiring, constructing, operating and maintaining projects for the generation and transmission of electric energy for sale to its participants. The joint power agreement has a term of 50 years.

Southern Transmission System Project (STS)

Pursuant to an agreement dated May 1, 1983 with the IPA, SCPPA made payments-in-aid of construction to IPA to defray all costs of acquisition and construction of the STS, which provides for the transmission of energy from the Intermountain Generating Station in Utah to Southern California. STS commenced commercial operations in July 1986. The Department of Water and Power of the City of Los Angeles (LADWP), a member of SCPPA, serves as project manager and operating agent of IPP. The STS consists of a 488 mile transmission line and the associated converter station on each end. The 500 kV DC bi-pole transmission lines are currently rated at 2,400 megawatts (MW) as a result of an upgrade completed in December 2010. The City's ownership share of this project is 4.498%.

Magnolia Power Project (MPP)

In March 2003, the City, along with the Cities of Anaheim, Cerritos, Colton, Glendale and Pasadena, entered into a power sales agreement with SCPPA for MPP. MPP commenced commercial operations in Burbank, California in September 2005. MPP is a combined-cycle natural gas-fired generation plant with a nominal rate net base capacity of 242 MW, but can boost its output to 310 MW, if needed. The City has entitlement up to 97.6 MW or 30.992% of its output. The City's share of outstanding debt is 32.350% which excludes debt relating solely to the City of Cerritos. The City is also MPP's operating agent.

Prepaid Natural Gas Project (PNGP)

The PNGP primarily consists of the acquisition by SCPPA of the right to receive an aggregate amount of approximately 135 billion cubic feet of natural gas, which subsequently was reduced to approximately 90 billion cubic feet as a result of restructuring to accelerate a portion of the long-term savings, reduce the remaining volumes of gas to be delivered, and shorten the overall duration of five prepaid agreements (with the City, and the Cities of Anaheim, Colton, Glendale and Pasadena).

The City's natural gas supply agreement with SCPPA is expected to provide approximately one-fourth of the City's gas requirements for MPP. The City has no obligation under the natural gas supply agreement to pay for gas not delivered.

Milford I Wind Project (M1WP)

M1WP is located near Milford, Utah and began commercial operations in November 2009. The facility is a 200 MW nameplate capacity wind farm comprised of 97 wind turbine generators, delivered by a 90 mile transmission line, 345 kV, extending from the generation site to the IPP switchyard in Delta, Utah. This plant generates enough capacity to supply electricity to power more than 60,000 homes and offset over 366,000 tons per year of carbon dioxide that would otherwise be emitted from a coal-powered plant. SCPPA (on behalf of project participants LADWP, the City and the City of Pasadena, California) acquired 100.000% of this facility and issued bonds in 2010 to finance the purchase by prepayment of a specified quantity of energy from this facility over the 20-year delivery term, with a guaranteed annual quantity in each year. The City's share of this project is 5.000% of the total capacity of 10 MW, energy, and environmental attribute rights produced at this facility.

Mead-Adelanto Project (MA)

SCPPA also entered into an agreement dated December 17, 1991 to acquire a 67.917% interest in the MA, a transmission line extending between the Adelanto substation in Southern California and the Marketplace substation in Nevada. Funding for these projects was provided by a transfer from the Multiple Projects Fund, and commercial operations commenced in April 1996. LADWP serves as the operations manager of MA. The project is a 202 mile, 500 kV AC transmission line with a rating of 1,200 MW. The City's ownership share of MA is 11.534%.

Tieton Hydro Project (THP)

This facility was acquired by SCPPA in November 2009 with 100.000% of entitlement shares. Each of the two project participants, the City and the City of Glendale, California, have an equal 50.000% entitlement share of this project. THP is a run of the reservoir hydroelectric facility, comprised of a powerhouse constructed at the base of the United States Bureau of Reclamation (USBR) Tieton Dam on the Tieton River in the State of Washington, on a 21 mile, 115 kV transmission line from the plant substation to the interconnection of the electrical grid. The powerhouse has a maximum capacity of 20 MW, with a nameplate capacity of 13.6 MW. USBR owns and operates the dam and controls the flows into the Tieton River from the Rimrock Lake reservoir, which was created by the dam. Average annual generation from this plant is approximately 48,000 megawatt hours (MWh). The City is also Tieton's operating agent.

Mead-Phoenix Project (MP)

SCPPA entered into an agreement dated December 17, 1991 to acquire an interest in the MP, a transmission line extending between the West Wing substation in Arizona and the Marketplace substation in Nevada. The agreement provides SCPPA with an 18.308% interest in the West Wing-Mead project, a 17.756% interest in the Mead substation project component and a 22.408% interest in the Mead-Marketplace component. The project is a 256 mile, 500 kV AC transmission line with a rating of 1,300 MW. The City's ownership share of MP is 15.400%.

Natural Gas Project (NGP)

The NGP was acquired by SCPPA in 2005 and 2006 and is being developed for the primary purpose of providing the participants with stable long-term supplies of gas for the purpose of fueling their electric generation needs. SCPPA issued 2008 Bonds to provide monies for the refinancing of the City's share of the costs of acquisition and development of the NGP through the redemption of a portion of SCPPA's draw down bonds previously issued for the NGP. SCPPA has sold entitlements to 100.000% of the production capacity of the NGP pursuant to separate gas sales agreements with the five participants - the City, and the Cities of Anaheim, Colton, Glendale and Pasadena. The participants are obligated to pay for such production capacity, including amounts required to pay debt service on bonds issued to finance their respective share of the NGP, on a "take or pay" basis. The City has 14.286% of entitlement shares in the Pinedale, Wyoming Subproject (2005 purchase), and 27.273% of entitlement shares in the Barnett, Texas Subproject (2006 purchase).

FISCAL YEAR ENDED JUNE 30, 2020 * (in thousands, with certain comparative summary information for the fiscal year ended June 30, 2019)

Ameresco/Chiquita Landfill Gas Project

Ameresco/Chiquita Landfill Gas Project is located in Valencia, California near Lake Castaic and began commercial operations in November 2010. The renewable energy is generated using landfill gas produced at the Chiquita Canyon Landfill. This plant has a total generating capacity of 10 MW and SCPPA members receive 100.000% of the project output. The project participants are the City and the City of Pasadena. The City contracted to purchase approximately 16.700% or 1.7 MW.

Don A Campbell Geothermal (aka Wild Rose)

In November 2013, the City began to receive geothermal energy output from the Wild Rose Geothermal (aka Don A. Campbell) Project, located in Mineral County, Nevada. The term of this agreement is 20 years. This is a geothermal power generating facility with a generating nameplate capacity of 25 MW and a projected capacity of 16.2 MW. The City and the City of Los Angeles are project participants. The City contracted to purchase approximately 15.380% (3.845 MW).

Pebble Springs Wind Project

Pebble Springs is located in Gilliam County, Oregon, near the town of Arlington and began commercial operations in early 2009. The term of this agreement is 18 years. The City, and the Cities of Los Angeles and Glendale receive the entire energy output of 99 MW. The City contracted to purchase approximately 10.000% (10 MW).

Copper Mountain 3 Solar Project

Copper Mountain 3 Solar Project is located near Boulder City, Nevada, approximately 25 miles southeast of Las Vegas, Nevada.

The facility is the third phase of one of the largest photovoltaic solar facilities in the U.S. situated on about 1,400 acres of land. The City and the City of Los Angeles entered into a 20-year power sales agreement through SCPPA. The City's share of this project is 16.000% (40 MW) of the total capacity of 250 MW. In May 2014, ahead of schedule, the City began to receive solar energy output from Copper Mountain 3. The plant went from partial commercial operations to full commercial operations in 2015.

A summary of the City's contracts and related projects and its commitments at June 30, 2020 are shown below:

	City of Burbank portion*	City of Burbank share of bonds	City of Burbank obligation relating to total debt service
Intermountain Power Project	3.371%	$ 15,509	$ 14,758
SCPPA: (1)			
Southern Transmission System	4.498%	14,277	16,543
Magnolia Power Project (Project A)	32.350%	26,236	40,290
Prepaid Natural Gas Project #1	33.000%	91,445	133,791
Milford I Wind Project	5.000%	5,297	6,705
Tieton Hydropower Project	50.000%	17,148	26,492
Natural Gas Project - Barnett	100.000%	10,417	14,167
Natural Gas Project - Pinedale	100.000%	3,363	4,574
SCPPA Total		168,183	242,562
Total		$ 183,692	$ 257,320

* Burbank shares in % and amounts are estimated based on weighted average.

(1) All SCPPA listed obligations are "take or pay" contracts except the Prepaid Natural Gas Project #1, a "take and pay" contract, and the Milford I Wind Project, a prepaid purchase power agreement.

The following schedule details the amount of principal and interest that is due and payable by the City as part of the joint power agency contracts, by project, in the fiscal year indicated (year ending June 30).

FISCAL YEAR ENDED JUNE 30, 2020 * (in thousands, with certain comparative summary information for the fiscal year ended June 30, 2019)

	2020/21		2021/22		2022/23	
	Principal	Interest	Principal	Interest	Principal	Interest
Intermountain Power Project	$ 6,233	(250)	5,198	(372)	3,707	(131)
SCPPA:						
Southern Transmission System	3,537	691	2,672	527	2,826	398
Magnolia Power Project (Project A)	-	-	1,956	2,853	906	1,214
Prepaid Natural Gas Project #1	2,950	4,653	3,203	4,498	3,713	4,330
Milford I Wind Project	481	264	505	240	530	216
Tieton Hydropower Project	553	850	583	820	613	788
Natural Gas Project - Barnett	1,096	607	1,036	547	983	490
Natural Gas Project - Pinedale	354	196	334	177	317	158
Total	$ 15,204	7,011	15,487	9,290	13,595	7,463

	2023/24		2024/25		2025/30	
	Principal	Interest	Principal	Interest	Principal	Interest
Intermountain Power Project	$ 371	2	-	-	-	-
SCPPA:						
Southern Transmission System	1,217	256	1,277	196	2,748	198
Magnolia Power Project (Project A)	984	1,170	1,063	1,119	6,732	4,709
Prepaid Natural Gas Project #1	4,240	4,135	4,886	3,912	32,658	15,254
Milford I Wind Project	555	189	584	161	2,642	338
Tieton Hydropower Project	647	750	1,458	715	3,413	2,825
Natural Gas Project - Barnett	929	435	888	384	4,018	1,155
Natural Gas Project - Pinedale	301	140	287	124	1,297	373
Total	$ 9,244	7,077	10,443	6,611	53,508	24,852

	2030/35		2035/40		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
Intermountain Power Project	$ -	-	-	-	15,509	(751)
SCPPA:						
Southern Transmission System	-	-	-	-	14,277	2,266
Magnolia Power Project (Project A)	9,725	2,745	4,870	244	26,236	14,054
Prepaid Natural Gas Project #1	39,795	5,564	-	-	91,445	42,346
Milford I Wind Project	-	-	-	-	5,297	1,408
Tieton Hydropower Project	4,358	1,883	5,523	713	17,148	9,344
Natural Gas Project - Barnett	1,467	132	-	-	10,417	3,750
Natural Gas Project - Pinedale	473	43	-	-	3,363	1,211
Total	$ 55,818	10,367	10,393	957	183,692	73,628

During the fiscal year, the outstanding principal and interest for the Mead Adelanto and Mead Phoenix Projects were paid in full.

For further information regarding SCPPA, please visit www.scppa.org.

Hedge Policies and Outstanding Hedge Contracts

The Electric Utility Fund utilizes natural gas hedging as outlined in its Energy Risk Management Policy. For the fiscal year, the Electric Utility Fund has entered into physical hedge contracts for the delivery of natural gas. The purpose of hedging is to protect against fluctuating prices and deliver stable and competitive rates to its retail customers.

Greenhouse Gas Cap-and-Trade Program

The State of California has implemented a greenhouse gas cap-and-trade program, under California Assembly Bill 32 (the California Global Warming Solutions Act of 2006), to reduce greenhouse gas emissions. At June 30, 2020, the City of Burbank has sufficient freely allocated greenhouse gas allowances for the current compliance period.

NOTE 13: Purchased Power and Fuel Expenses - Wholesale

The Electric Utility Fund has been involved in the wholesale market for many years. Since 2000, the Electric Utility Fund's strategy has been one of primarily optimizing revenues from temporarily underutilized electric assets to develop wholesale net margins that reduce its power supply expenses.

The Electric Utility continues using the wholesale margin as an offset to its overall power supply expenses. Wholesale margins for the years ended June 30, 2020 and 2019 are as follows:

		2020	2019
Wholesale Revenues	$	15,442	21,791
Wholesale Costs		14,126	20,273
Wholesale Margin	$	**1,316**	**1,518**

NOTE 14: Deferred Inflows of Resources / Unearned Revenue

On January 22, 2013 the Electric Utility was awarded a grant of $1,000 from the California Energy Commission (CEC) in support of the Department of Energy's systems' modernization capital projects funded during fiscal years 2010-11 through 2014-15. In fiscal year 2015-16 the CEC also awarded a grant for an additional $164 for installation of new electric vehicle charging stations. The Electric Utility is deferring payments received for these capital assets to match corresponding depreciation expense over their useful lives, as allowed by Accounting Standards Codification 980 rules under GASB Statement No. 62. The Electric Utility recognized revenue and depreciation expense of $94 for this fiscal year and the prior fiscal year. The deferred CEC payments were reported as regulatory credits in deferred inflows of resources and were $421 for this fiscal year, compared to $515 for the prior fiscal year.

FISCAL YEAR ENDED JUNE 30, 2020 * (in thousands, with certain comparative summary information for the fiscal year ended June 30, 2019)

During fiscal year 2014-15, the Electric Utility sold greenhouse gas allowance credits at auction, resulting in proceeds of $69. These proceeds were reported as deferred inflows of resources, and will remain deferred until such time that the City Council authorizes use that supports the intent of California Assembly Bill 32, which includes mitigating risks associated with climate change while improving energy efficiency, expanding the use of renewable energy resources, cleaner transportation, and reducing waste.

The Electric Utility constructed an electrical substation on approximately 0.32 acres of land owned by the City at the southwest corner of the intersection of N. Ontario Street and Winona Avenue. During the prior fiscal year, accumulated contributed funds of $6,440 received in 2017 and 2018 were recognized as revenue, as construction was completed in January 2019.

The California Air Resources Board initiated a program, Low Carbon Fuel Credits Standard (LCFS), to reduce carbon intensity in transportation fuels as compared to conventional petroleum fuels, such as gasoline and diesel. In fiscal year 2017-18, the Electric Utility sold 7,000 credits for $1,249, and the revenue was deferred. During the prior fiscal year, revenue was recognized for these credit sales since the LCFS credits were transferred to buyers. During this fiscal year, the Electric Utility sold 8,500 credits for $1,734. These LCFS credit sales were recognized as revenue, net of broker fees of $2.

Deferred inflows of resources and unearned revenue as of June 30, 2020 are as follows:

Electric Utility Unearned / Deferred Revenue	2020	2019	2014 - 2018	Total
Ontario Substation aid-in-construction		$ (6,440)	6,440	$ -
Deferred aid-in-construction payments		**$ (6,440)**	**6,440**	**$ -**
Systems Modernization expenditures		-	1,000	$ 1,000
Deferred California Energy Commission (CEC) payments recognized	(94)	(94)	(391)	(579)
Deferred CEC payments	**$ (94)**	**$ (94)**	**$ 609**	**$ 421**
Deferred greenhouse gas allowance sales proceeds	**-**	**-**	**69**	**69**
Deferred LCFS Credits	**$ -**	**$ (1,249)**	**$ -**	**$ -**
Total Unearned / Deferred Electric Revenue	**$ (94)**	**$ (7,783)**	**$ 678**	**$ 490**

The Water Utility has recorded contributed regulatory assets from prior periods for the Burbank Empire Center and Bob Hope Airport of $3,651 and $1,078, respectively. During the fiscal year the Water Utility recognized revenue and depreciation expense of $118, respectively. For the fiscal year, the Water Utility's regulatory credits balance for the contributed assets is $2,654, compared to $2,772 for the prior fiscal year. These regulatory credits are reported as deferred inflows of resources.

NOTE 15: Nonoperating Expense

During the fiscal year the City made an additional lump sum Miscellaneous Plan payment to CalPERS to reduce the City's unfunded actuarial liability. The portion allocated to the Electric and Water Funds was $3,434 and $553, respectively. These unfunded liability reduction allocations are reported in Nonoperating income (expenses).

NOTE 16: Retirement Plan

A) Pension Plans

The Utility Funds participate in the City's Miscellaneous Employee Defined Benefit Plans and the Utility Funds' share of net pension liability is reported as a cost sharing plan in these financial statements.

FISCAL YEAR ENDED JUNE 30, 2020 * (in thousands, with certain comparative summary information for the fiscal year ended June 30, 2019)

1. Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous (Non-Safety) Employee Pension Plans, 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. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports, which can be found on the CalPERS website, that include a full description of the pension plans regarding benefit provisions, assumptions and membership information.

2. Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily defined benefits. For employees hired into a plan with the 2.5% at 55 formula, eligibility for service retirement is age 50 with at least 5 years of service. PEPRA (Public Employees' Pension Reform Act) miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at the June 30, 2019 measurement date, are summarized as follows:

	Miscellaneous	
	Prior to	On or After
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2.5%@55	2%@62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.50%
Required employer contribution rates	8.863%	5.75%
Payment of unfunded liability	$14,324,928	-

3. Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on 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 City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City 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 contributions requirements are classified as plan member contributions.

B) Net Pension Liability

As of June 30, 2020 and 2019, the Electric and Water Utility Funds reported net pension liabilities for its proportionate shares of the net pension liability of the Miscellaneous Plan as follows:

FISCAL YEAR ENDED JUNE 30, 2020 * (in thousands, with certain comparative summary information for the fiscal year ended June 30, 2019)

Proportionate Share of Net Pension Liability

	June 30, 2020	June 30, 2019
Electric Utility Fund	$ 74,938	$ 73,226
Water Utility Fund	12,114	11,499

The Electric and Water Utility Funds' net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The Electric and Water Utility Funds' proportionate share of the net pension liability was based on a projection of the Electric and Water Utility Funds' long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Utility's proportionate share of the net pension liability for the Miscellaneous Plan as of June 30, 2018 and 2019 measurement dates were as follows:

	Electric Utility	Water Utility
Proportion - June 30, 2018	34.96%	5.49%
Proportion - June 30, 2019	34.27%	5.54%
Change - Increase (Decrease)	-0.69%	0.05%

C) Pension Expenses and Deferred Outflows /Inflows of Resources Related to Pensions

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. The Utility has the following pension outflow that qualifies for reporting in this category:

- Deferred outflow related to pensions equal to employer contributions made after the measurement date of the net pension liability.

- Deferred outflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expecting remaining service lives of all employees that are provided with pensions through the Plan.

- Deferred outflows from pensions resulting from differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average expecting remaining service lives of all employees that are provided with pensions through the Plan.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For reporting purposes, pension inflows have been combined on the Statement of Net Position. The Utility has the following pension inflows that qualify for reporting in this category:

- Deferred inflows related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. These amounts are amortized over five years.

- Deferred inflows related to pensions for differences between expected and actual experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

FISCAL YEAR ENDED JUNE 30, 2020 * (in thousands, with certain comparative summary information for the fiscal year ended June 30, 2019)

- Deferred inflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expecting remaining service lives of all employees that are provided with pensions through the Plan.

For the year ended June 30, 2020, the City recognized a debit to pension expense for the Electric and Water Utility of $13,935 and $2,253, respectively. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Electric	Water	Electric	Water
Pension contributions subsequent to measurement date	$ 11,865	1,918		
Differences between actual and expected experience	$ 875	141	(1,572)	(254)
Change in assumptions	1,055	171	(584)	(94)
Net differences between projected and actual earnings on plan investments			(1,258)	(203)
Total	**$ 13,795**	**2,230**	**(3,414)**	**(552)**

$11,865 and $1,918 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending	Electric Utility	Water Utility
2021	832	135
2022	(2,297)	(371)
2023	(263)	(43)
2024	244	39
2025	-	-
Thereafter	-	-
Total Deferred Inflows of Resources	$ (1,484)	$ (239)

1. Actuarial Assumptions

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous Plan
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.2% - 12.2% (1)
Mortality (2)	
Post Retirement Benefit Increase (3)	

(1) Varies by entry age and service.

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

(3) The less of contract COLA (Cost -of-Living Adjustment) or 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter.

FISCAL YEAR ENDED JUNE 30, 2020 * (in thousands, with certain comparative summary information for the fiscal year ended June 30, 2019)

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

a. Discount Rate

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

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

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

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

Asset Class (a)	New Strategic Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(b) An expected inflation of 2.0% was used for this period.
(c) An expected inflation of 2.92% was used for this period.

b. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Utility for the Miscellaneous Plan, calculated using the discount rate, as well as what the Utility's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate (actual amounts):

WATER AND POWER

FISCAL YEAR ENDED JUNE 30, 2020 * (in thousands, with certain comparative summary information for the fiscal year ended June 30, 2019)

		Utility
1% Decrease		6.15%
Net Pension Liability	$	135,548
Current Discount Rate		7.15%
Net Pension Liability	$	87,052
1% Increase		8.15%
Net Pension Liability	$	47,000

2. *Pension Plan Fiduciary Net Position*

Detailed information about the Miscellaneous pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 17: Post-Retirement Health Care Benefits

PEMHCA

The CalPERS Public Employees' Medical and Hospital Care Act (PEMHCA) plan under the authority of section 22750 to 22948 of the State of California's government code, is an agent multiple employer plan. The City pays the required PEMHCA minimum contribution for all miscellaneous employees retiring directly from the City who enroll in a CalPERS medical plan. The 2020 PEMHCA minimum contribution amount is $139.00 per month. In addition, the City pays retiree health contribution amounts of $93.75 per month for 16 management retirees, and $188.00 per month for 9 IBEW retirees. For these management/IBEW retirees, the PEMHCA minimum required contribution of $139.00 is paid in addition to the retiree health contribution amounts. The allocated proportionate share to the retiree health contribution amounts to the Utility is 12.79% to the Electric Fund and 2.32% to the Water Fund. The PEMHCA benefit provisions are established and amended through negotiations between the City and its unions.

BERMT

The Burbank Employees Retiree Medical Trust (BERMT) is a single employer, defined benefit plan. The BERMT was established in April 2003 by the city's employee associations to provide post retirement medical benefits to all non-safety employees, including elected and appointed officials. BERMT members represented by a bargaining group are required to contribute $50.00 per pay period, and the City contributes $50.00 per pay period for these members. BERMT members unrepresented by a bargaining group are not able to make employee contributions, and the City contributes $100.00 per pay period for these members. BERMT plan provisions and contribution requirements are established by and may be amended by the BERMT board.

The trust is controlled by the seven voting members from the various employee associations appointed to three year terms. The City appoints an eighth member to the board, but that member is non-voting. Investments are determined by the BERMT plan trustees, and are governed by the Employee Retirement Income Security Act of 1974 (ERISA) provisions.

Eligibility for benefits require that members are retired from the City, and have reached age 58 with a minimum of 5 years of contributions into the plan. The benefit ranges from $150.00 to $630.00 in reimbursements per month based on number of contributions, for eligible medical expenses. For the fiscal year 2019-20, the City contributed $1,412 to BERMT. BERMT is not subject to GASB 75 reporting.

URMT

The Utility Retiree Medical Trust is an agent multiple employer plan, established during the 2008-09 fiscal year for IBEW members and 15 management employees as a supplement to benefit payments from BERMT and PEMHCA. The total target benefit is $1,200.00/month for individuals age 50 to age 64 and $750.00/month for those age 65 and above, with the exception that for qualifying employees who retire after December 16, 2015 and who have not contributed to Medicare while employed at Burbank and who are also not otherwise eligible for premium-free Medicare Part A at age 65 and older, the maximum amount at age 65 and older shall be $975.00/ month for fiscal year 2019-20, including payments from BERMT, PEMHCA minimum and Utility Retiree Medical Trust. For the fiscal year 2019-20 (measurement period of June 30, 2019), the City contributed $167.

FISCAL YEAR ENDED JUNE 30, 2020 * (in thousands, with certain comparative summary information for the fiscal year ended June 30, 2019)

Funding Policy

The City has pre-funded the PEMHCA and URMT Plans through CalPERS OPEB Trust (CERBT) and has a policy of contributing 100% of the City's Actuarially Determined Contribution (ADC) each year. For the fiscal year 2019-20 (measurement period of June 30, 2019), the City contributed $3,941, consisting of $4,014 in CERBT contributions netted against $73 in benefit payments and administrative expense.

The CERBT is a tax qualified irrevocable trust, organized under Internal Revenue Code (IRC) Section 115, established to pre-fund OPEB as described in GASB Statement 45. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information for the City, not individualized, but in aggregate with the other CERBT participating agencies.

This report may be obtained at the following address:

PEMHCA, CERBT—State of California, 400 Q Street, Sacramento, CA 95811

Employees Covered

As of June 30, 2019 measurement date, the following current and former Miscellaneous employees were covered by the URMT plan:

Net OPEB Liability - PEMHCA Plan	URMT
Inactive employees or beneficiaries currently receiving benefits	56
Active employees	144
Total	200

Contributions

The URMT and PEMHCA contribution requirements are established by City policy and may be amended. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2020, the City's total contributions of $4,282 consist of payments to the trust of $4,282.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019. A summary of the principal assumptions and methods used to determine the total OPEB liability follows:

Miscellaneous Plan	PEMHCA	URMT
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	6.75%	6.75%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	3.00%	3.00%
Expected long term investment rate of return	6.75%	6.75%
Healthcare cost trends (PEMHCA)	6.3% Medicare, 7.25% Non, decreasing to 4% in 2076 and later	
Benefit Increase trend rates (URMT)	0% to 2022, then 4% after	
Pre-retirement turnover	Derived from CalPERS pension plan	
Mortality (1)		

(1) The probabilities of mortality are derived using CasIPERS membership data for all funds. The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 1997-2015 experience study report.

WATER AND POWER

FISCAL YEAR ENDED JUNE 30, 2020 * (in thousands, with certain comparative summary information for the fiscal year ended June 30, 2019)

The actuarial assumptions used in the June 30, 2019 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the City.

The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	New Strategic Allocation	Expected Real Return
Global Equity	59.00%	4.82%
Global Fixed Income	25.00%	1.47%
TIPS (Treasury Inflation-Protected Security)	5.00%	1.29%
Real Estate	8.00%	3.76%
Commodities	3.00%	0.84%
	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the City's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in Assumptions

Changes in assumptions since the measurement period June 30, 2018, consisted of updating Demographic assumptions to CALPERS 1997-2015 Experience Study, Mortality improvement scale was updated to Scale MP-2019 for both PEHMCA and URMT, PEHMCA participation was lowered, and Age factors for age-based claims were revised for URMT.

Changes in the NET OPEB Liability

Changes in the net OPEB liability - URMT

	Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2018 (Measurement date)	$ 10,443	10,090	353
Changes in the year:			
Service cost	299	-	299
Interest on the total OPEB liability	715	-	715
Differences between actual and expected experience	320	-	320
Changes in assumptions	178	-	178
Changes in benefit terms	-	-	-
Contributions - employer	-	167	(167)
Contributions - employee	-	167	(167)
Net investment income	-	657	(657)
Benefit payments	(285)	(285)	-
Administrative expenses	-	(2)	2
Net Changes	1,227	704	523
Balance at June 30, 2019 (Measurement date)	**$ 11,670**	**10,794**	**876**

As of June 30, 2020 the Electric and Water Utility Funds reported net OPEB liability for its proportionate share of the net OPEB liability of the PEMHCA plan as follows:

Net OPEB Liability - PEMHCA Plan	June 30, 2020
Electric Utility	$ 2,506
Water Utility	$ 455

FISCAL YEAR ENDED JUNE 30, 2020 * (in thousands, with certain comparative summary information for the fiscal year ended June 30, 2019)

Changes in Assumptions

There were changes in assumptions, but there were no changes in benefit terms. There were no subsequent events that would materially affect the results presented in this disclosure.

a. Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Utility, as well as what the Utility's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current discount rate :

		PEMHCA		URMT
1% Decrease		5.75%		5.75%
Net OPEB Liability	$	4,051	$	2,990
Current Discount Rate		6.75%		6.75%
Net OPEB Liability	$	2,961	$	876
1% Increase		7.75%		7.75%
Net OPEB Liability	$	2,062	$	(792)

b. Sensitivity of the net OPEB liability to changes in healthcare cost trend rates

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

		PEMHCA		URMT
1% Decrease (Asset)				
Net OPEB Liability	$	1,980	$	(1,796)
Current Trend				
Net OPEB Liability	$	2,961	$	876
1% Increase				
Net OPEB Liability	$	4,168	$	4,290

OPEB expense and deferred outflows/inflows of resources related to OPEB:

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. The Utility has the following OPEB outflow that qualifies for reporting in this category:

- Deferred outflow related to OPEB equal to employer contributions made after the measurement date of the net pension liability.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For reporting purposes, pension inflows have been combined on the Statement of Net Position. The Utility has the following pension inflows that qualify for reporting in this category:

- Deferred inflows related to OPEB for differences between projected and actual earnings on investments of the OPEB plan fiduciary net position. These amounts are amortized over five years.

For the fiscal year ended June 30, 2020 the City recognized OPEB expense of $1,201 and $151 for PEMHCA and URMT, respectively.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

FISCAL YEAR ENDED JUNE 30, 2020 * (in thousands, with certain comparative summary information for the fiscal year ended June 30, 2019)

	PEMHCA Deferred Outflows of Resources	PEMHCA Deferred Inflows of Resources
OPEB contributions subsequent to measurement date:		
Electric Fund	$ 511	$ -
Water Fund	$ 93	$ -
Differences between actual and expected experience:		
Electric Fund	-	(340)
Water Fund	$ -	$ (62)
Change in assumptions:		
Electric Fund		(1,873)
Water Fund		(340)
Differences between projected and actual earnings:		
Electric Fund	-	(76)
Water Fund	-	(14)
Total	**$ 603**	**$ (2,705)**

Electric Fund	URMT Deferred Outflows of Resources	URMT Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 170	$ -
Differences between actual and expected experience	281	-
Change in assumptions	156	-
Differences between projected and actual earnings	-	(160)
Total	**$ 607**	**$ (160)**

$603 and $607 reported as deferred outflows of resources related to contributions subsequent to the measurement date for PEMHCA and URMT respectively, will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows :

Year Ending June 30,	PEMHCA	URMT
2021	(468)	(15)
2022	(469)	(15)
2023	(439)	47
2024	(428)	67
2025	(429)	61
Thereafter	(472)	132
Total Deferred Inflows of Resources	**$ (2,705)**	**$ 277**

Payable to the OPEB Plan

At June 30, 2020, the Utility reported a payable of $0 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2020.

NOTE 18: Self-Insurance

The Electric and Water Funds are in the City's self-insurance program as part of its policy to self-insure certain levels of risk within separate lines of coverage to maximize cost savings. The City is a member in ACCEL (Authority for California Cities Excess Liability), which is a risk sharing pool for municipal excess liability.

Each individual member self-insures all general liability losses for the first $1,000 and the members of the pool share losses between $1,000 and $5,000. The members jointly purchase additional layers of coverage beyond the pooled layer, with Burbank purchasing an additional $45,000 of excess coverage, for total coverage of $50,000. The layers of coverage above $5,000 are not pooled, but rather jointly purchased.

The workers' compensation coverage is purchased through a pooling agreement. The City self-insures the first $2,000 of each loss and then the pool covers all losses to statutory limits.

The City charges the Electric and Water Utility Funds a premium based upon the proportional payroll cost, job classification, and claim history. There were no significant settlements or reductions in insurance coverage from settlements for the past three years.

Additional information regarding all the City's self-insurance programs can be found in the City's Comprehensive Annual Financial Report.

NOTE 19: Contingencies

Potential Litigation

BWP is presently involved in certain matters of litigation that have arisen in the normal course of conducting electric and water operations. Management believes, based on consultation with the City Attorney, that these cases in the aggregate are not expected to result in a material adverse financial impact on either the Electric or Water Funds.

NOTE 20: Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 10, 2020 the date the financial statements were available to be issued.

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* REQUIRED SUPPLEMENTARY INFORMATION *

SCHEDULE OF NET PENSION LIABILITY INFORMATION AND RATIOS
Last 10 Fiscal Years *

ELECTRIC FUND

Fiscal Year Ended	2020	2019	2018	2017	2016	2015
Measurement Period	2019	2018	2017	2016	2015	2014
Plan's Proportionate Share of Net Pension Liability in %	34.27%	34.96%	34.96%	34.96%	34.96%	34.96%
Plan's Proportionate Share of Net Pension Liability in $	$ 74,938	$ 73,226	$ 78,580	$ 71,305	$ 58,442	$ 55,065
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76%	77%	74%	75%	79%	80%
Covered-Employee Payroll	27,908	$ 27,615	$ 27,587	$ 27,521	$ 27,719	$ 27,418
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	269%	265%	285%	259%	211%	201%
Plan's Proportionate Share of Aggregate Employer Contributions	$ 7,321	$ 6,663	$ 5,864	$ 5,355	$ 4,788	$ 4,258

WATER FUND

Fiscal Year Ended	2020	2019	2018	2017	2016	
Measurement Period	2019	2018	2017	2016	2015	2015
Plan's Proportionate Share of Net Pension Liability in %	5.54%	5.49%	5.49%	5.49%	5.49%	5.49%
Plan's Proportionate Share of Net Pension Liability in $	$ 12,114	$ 11,499	$ 12,340	$ 11,198	$ 9,178	$ 8,647
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76%	77%	74%	75%	79%	80%
Covered-Employee Payroll	$ 4,512	$ 4,337	$ 4,332	$ 4,322	$ 4,353	4,306
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	269%	265%	285%	259%	211%	201%
Plan's Proportionate Share of Aggregate Employer Contributions	$ 1,183	$ 1,046	$ 921	$ 841	$ 752	$ 669

* - Fiscal year 2015 was the 1st year of implementation.
Additional information regarding this Schedule can be found in the City's Comprehensive Annual Financial Report.

CITY OF BURBANK WATER AND POWER

* REQUIRED SUPPLEMENTARY INFORMATION *

Schedule of Plan Contributions - 2020

ELECTRIC FUND

Fiscal Year Ended June 30,	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	$ 11,865	$ 7,463	$ 6,657	$ 5,355	$ 4,788	$ 4,258
Contributions in Relation to the Actuarially Determined Contribution	(11,865)	(7,463)	(6,657)	(5,355)	(4,788)	(4,258)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0
Covered-Employee Payroll	$ 27,500	$ 28,470	$ 27,615	$ 27,587	$ 27,521	$ 27,719
Contributions as a Percentage of Covered-Employee Payroll	26.62%	26.21%	24.11%	19.41%	17.40%	15.36%

WATER FUND

	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	$ 1,918	$ 1,172	$ 1,045	$ 841	$ 752	$ 669
Contributions in Relation to the Actuarially Determined Contribution	(1,918)	(1,172)	(1,045)	(841)	(752)	(669)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0
Covered-Employee Payroll	$ 4,446	$ 4,471	$ 4,337	$ 4,332	$ 4,322	$ 4,353
Contributions as a Percentage of Covered-Employee Payroll	26.62%	26.21%	24.11%	19.41%	17.40%	15.36%
Valuation Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012

* REQUIRED SUPPLEMENTARY INFORMATION *

SCHEDULE OF NET PEMHCA LIABILITY INFORMATION AND RATIOS
Last 10 Fiscal Years * In Thousands

ELECTRIC FUND

Fiscal Year Ended June 30, Measurement Date	2020 6/30/2019	2019 6/30/2018	2018 6/30/2017
Plan's Proportionate Share of Net PEMCHA Liability in %	12.79%	12.79%	12.79%
Plan's Proportionate Share of Net PEMCHA Liability in $	$ 2,506	$ 5,034	$ 5,039
Plan Fiduciary Net Position as a Percentage of the Total PEMCHA Liability	63.03%	43.22%	40.30%
Covered-Employee Payroll	$ 14,329	$ 14,111	$ 14,004
Plan Net PEMCHA Liability/(Asset) as a Percentage of Covered-Employee Payroll	17%	36%	36%
Plan's Proportionate Share of Aggregate Employer Contributions	$ 504	$ 506	$ 405

WATER FUND

Fiscal Year Ended June 30, Measurement Date	2020 6/30/2019	2019 6/30/2018	2018 6/30/2017
Plan's Proportionate Share of Net PEMCHA Liability in %	2.32%	2.32%	2.32%
Plan's Proportionate Share of Net PEMCHA Liability in $	$ 455	$ 913	$ 914
Plan Fiduciary Net Position as a Percentage of the Total PEMCHA Liability	63.03%	43.22%	40.30%
Covered-Employee Payroll	$ 2,599	$ 2,560	$ 2,540
Plan Net PEMCHA Liability/(Asset) as a Percentage of Covered-Employee Payroll	17%	36%	36%
Plan's Proportionate Share of Aggregate Employer Contributions	$ 91	$ 92	$ 73

* Fiscal year 2018 was the 1st year of implementation; therefore, only three years are shown.
Additional information regarding this Schedule can be found in the City's Comprehensive Annual Financial Report.

* REQUIRED SUPPLEMENTARY INFORMATION *

SCHEDULE OF CHANGES IN THE NET URMT LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years*

In Thousands

Fiscal year end	6/30/2020	6/30/2019	6/30/2018
Measurement date	6/30/2019	6/30/2018	6/30/2017
Service cost	$ 299	$ 291	$ 283
Interest on the total pension liability	715	668	623
Actual vs. expected experience	320	-	-
Assumption changes	178	-	-
Benefit payments	(285)	(256)	(222)
Net Change in Total OPEB liability	1,227	703	684
Total OPEB Liability - Beginning of Year	10,443	9,740	9,056
Total OPEB Liability - End of Year (a)	11,670	10,443	9,740
Plan Fiduciary Net Position:			
Contributions - employer	167	154	148
Contributions - employee	167	154	148
Net investment income	657	717	889
Administrative expenses	(2)	(17)	(5)
Benefit payments	(285)	(256)	(222)
Net Change in Plan Fiduciary Net Position	704	752	958
Plan Fiduciary Net Position - Beginning of Year	10,090	9,338	8,380
Plan Fiduciary Net Position - End of Year (b)	10,794	10,090	9,338
Net OPEB liability - Ending (a) - (b)	$ 876	$ 353	$ 402
Plan fiduciary net position as a percentage of the total OPEB liability	92.49%	96.62%	95.87%
Covered payroll	$ 17,698	$ 17,084	$ 18,086
Net OPEB liability as a percentage of covered payroll	4.95%	2.07%	2.22%

Notes to Schedule

1. There were no changes in benefits.
2. There were no changes in assumptions.

* Fiscal year ended June 30, 2018, was the first year of implementation; therefore, only three years are shown.

CITY OF BURBANK WATER AND POWER

* REQUIRED SUPPLEMENTARY INFORMATION *

Schedule of Plan Contributions - OPEB

Last Ten Fiscal Years*

In Thousands

UTILITY FUNDS	PEMHCA 6/30/2020	PEMHCA 6/30/2019	PEMHCA 6/30/2018	URMT 6/30/2020	URMT 6/30/2019	URMT 6/30/2018
Actuarially determined contribution	$ 621	$ 608	$ 598	$ 170	$ 167	$ 154
Contributions in relation to the actuarially determined contribution	(603)	(608)	(598)	(170)	(167)	(154)
Contribution deficiency (excess)	$ 18	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 18,828	$ 16,928	$ 16,671	$ 19,521	$ 17,698	$ 17,084
Contributions as a percentage of covered-employee payroll	3.20%	3.59%	3.59%	0.87%	0.94%	0.90%
Notes to Schedule						
Valuation date	6/30/2019	6/30/2017	6/30/2017	6/30/2019	6/30/2017	6/30/2017

Methods and assumptions used to determine contribution rates:

Agent multiple employers	Entry age normal
Amortization method	Level percentage of payroll
Asset valuation method	Investment gains and losses spread over 5-year rolling period
Inflation	2.75%
Investment rate of return	6.75%
Mortality	CalPERS 1997-2011 experience study

* Fiscal year 2018 was the first year of implementation; therefore, three years are shown.

* SUPPLEMENTAL INFORMATION *

Schedule 1

ANNUAL ELECTRIC SUPPLY Fiscal Year ended June 30, 2020		
Resource	**MWh**	**Percentage**
Renewables[(1)]	342,690	32.3%
Intermountain Power Project	288,830	27.2%
Magnolia Power Project	276,630	26.0%
Spot Purchases	61,460	5.8%
Palo Verde Nuclear	56,050	5.3%
On-Site Generation	19,230	1.8%
Hoover Uprating	17,670	1.7%
Total[(2)]	**1,062,560**	**100.0%**

[1]Renewable resources include the Southwest Wyoming Pleasant Valley Facility Wind Contract, Milford Phase I Wind Project, Tieton Hydropower Project, Pebble Springs Wind Project, Ameresco Chiquita Canyon Landfill Gas Project, Copper Mountain Solar Project, Don A. Campbell Geothermal Project, Renewable Certificate, local generation from BWP Valley Pumping Plant, bio-methane gas, customer and utility solar installations, and an exchange agreement. For the Fiscal Year ended June 30, 2020, renewable energy resources made up approximately 32.3% of Burbank's total retail sales. This number differs from the official Renewable Portfolio Standard (RPS) calculation and compliance period, which are based on retail sales and calendar year.

[2]Does not equal total sales to customers throughout the City due to distribution losses and timing differences in billing cycle.

Schedule 2

CUSTOMERS, SALES, ELECTRIC REVENUES AND DEMAND Fiscal Years ended June 30					
	2016	**2017**	**2018**	**2019**	**2020**
Number of Retail Service:					
Residential	46,148	46,215	46,140	46,294	46,098
Commercial[1]	6,915	6,971	6,889	6,920	6,844
Large Commercial[1]	90	86	81	84	88
Total	**53,153**	**53,272**	**53,110**	**53,298**	**53,030**
Retail Kilowatt-hour Sales (millions)					
Residential	279	272	274	274	275
Commercial	538	533	534	524	485
Large Commercial	279	274	270	263	260
Total	**1,096**	**1,080**	**1,078**	**1,061**	**1,019**
Electric Revenues ($ in thousands):					
Retail[2]	$ 175,019	$ 175,964	$ 176,450	$ 162,386	$ 158,024
Wholesale	$ 27,150	$ 23,512	$ 21,252	$ 21,791	$ 15,442
Other[3]	$ 5,595	$ 5,912	$ 6,448	$ 8,504	$ 7,274
Total	**$ 207,763**	**$ 205,388**	**$ 204,150**	**$ 192,681**	**$ 180,740**
Peak Demand (MW)	309	278	320	302	283

[1]Meter counts include all billed meters.

[2]Effective July 1, 2018, instead of passing through the Electric Fund, the in-lieu transfer is accounted for directly in the General Fund.

[3]Other miscellaneous revenues include transmission, telecommunications, intergovernmental, and other miscellaneous revenues. Other miscellaneous revenues do not include aid-in-construction.

CITY OF BURBANK WATER AND POWER

* SUPPLEMENTAL INFORMATION *

Schedule 3

SYSTEM WEIGHTED AVERAGE BILLING PRICE – ELECTRIC [1] (Cents per Kilowatt-hour)					
	2016	2017	2018	2019	2020
Residential	16.16	16.51	16.57	15.81	15.83
Commercial	16.08	16.49	16.76	15.89	16.07
Large Commercial	14.31	14.55	14.48	13.66	13.93
System Weighted Average Electric Rate	15.65	16.01	16.14	15.32	15.46

[1]All weighted average rates exclude Street Lighting charges. Effective FY 2019, all weighted average rates no longer include in-lieu transfer. Prior to 2019, this transfer was embedded in the rates. Burbank voters passed Measure T in June 2018 to continue a direct transfer of not more than 7% of Burbank Water and Power's gross annual sales of electricity to pay for City's essential services.

Schedule 4

ANNUAL WATER SUPPLY Fiscal Year ended June 30, 2020		
Resource	**Acre Feet (AF)**	**Percentage**
Metropolitan Water District	6,781	42.1%
Local Production – BOU	9,329	57.9%
Total	**16,110**	**100.0%**

CITY OF BURBANK WATER AND POWER

* SUPPLEMENTAL INFORMATION *

Schedule 5

CUSTOMERS, WATER SALES, WATER REVENUES					
Fiscal Years ended June 30					
	2016	**2017**	**2018**	**2019**	**2020**
Number of Water Service:					
Potable					
Residential[1]	22,223	22,262	22,216	22,173	22,161
Commercial[2]	3,246	3,248	3,213	3,235	3,205
Other[3]	1,134	1,138	1,145	1,160	1,171
Recycled	217	228	234	236	240
Total	**26,820**	**26,876**	**26,808**	**26,804**	**26,777**
AF Sales Per Year:					
Potable					
Residential[1]	10,002	10,862	11,887	11,331	11,671
Commercial[2]	3,368	3,328	3,455	3,340	3,155
Other[3]	174	192	225	199	183
Recycled	2,709	3,004	3,281	2,824	3,032
Total in AF	**16,253**	**17,386**	**18,848**	**17,694**	**18,041**
Water Revenues ($ in thousands):					
Retail[4]	$ 25,099	$ 27,836	$ 30,565	$ 30,578	$ 32,826
Other[5]	$ 4,013	$ 2,702	$ 3,518	$ 702	$ 955
Total	**$ 29,111**	**$ 30,538**	**$ 34,083**	**$ 31,280**	**$ 33,781**
Maximum Demand Day (AF)	53.1	57.4	63.5	63.1	62.8

[1]Residential includes multi-family dwellings.
[2]Commercial includes Large Commercial.
[3]Other includes city department water, school, fire protection, and miscellaneous users
[4]Potable and Recycled.
[5]Other operating revenues include connection fees, recycled water credits and other miscellaneous revenues.

CITY OF BURBANK WATER AND POWER

* SUPPLEMENTAL INFORMATION *

Sched 6

WEIGHTED AVERAGE BILLING PRICE – WATER ($ per CCF[1])	2016	2017	2018	2019	2020
Residential[2]	3.71	3.75	3.82	4.04	4.21
Commercial[3]	3.29	3.56	3.66	3.87	4.17
Weighted Average Water Rate	3.61	3.71	3.78	4.00	4.20

[1]CCF is one hundred of cubic feet; one AF is equal to approximately 435.6 CCF.

[2]Residential includes multi-family dwellings.

[3]Commercial includes Large Commercial.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Certain provisions of the Indenture are summarized below. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Indenture.

Definitions

"Accreted Value" means, with respect to any Capital Appreciation Indebtedness, the principal amount thereof plus the interest accrued thereon, compounded at the interest rate thereon on each date as specified therein.

"Accrued Aggregate Debt Service" means, as of any date of calculation, an amount equal to the sum of the amounts of accrued Debt Service with respect to all Series of Bonds, calculating the accrued Debt Service with respect to each Series at an amount equal to the sum of (i) interest on the Outstanding Bonds of such Series accrued and unpaid and to accrue to the end of the then current calendar month, and (ii) principal due and unpaid and that portion of the principal for such Series next due which would have accrued if deemed to accrue to the end of such calendar month if such principal were deemed to accrue daily in equal amounts from the next preceding principal payment date for such Series (or, if there will be no such preceding principal payment date, from a date one (1) year preceding the due date of such principal installment or from the date of issuance of the Bonds of such Series, whichever period is shorter).

"Annual Debt Service" means, for any Fiscal Year, the aggregate amount of principal and interest on all Bonds and Parity Debt becoming due and payable during such Fiscal Year calculated using the principles and assumptions set forth under the definition of Debt Service.

"Assumed Debt Service" means for any Fiscal Year the aggregate amount of principal and interest which would be payable on all Bonds and Parity Debt if each Excluded Principal Payment, amortized for a period specified by the City (but no longer than thirty (30) years from the date of the issuance of the Bonds or Parity Debt to which such Excluded Principal Payment relates) on a substantially level debt service basis or other amortization basis provided by the City, calculated based on a fixed interest rate equal to the rate at which the City could borrow for such period, as set forth in a certificate of a consultant delivered to the Trustee, who may rely conclusively on such certificate, within thirty (30) days of the date of calculation.

"Bond Obligation" means, as of any given date of calculation, (1) with respect to any Outstanding Bond which is Current Interest Indebtedness, the principal amount thereof, and (2) with respect to any Outstanding Bond which is Capital Appreciation Indebtedness, the Accreted Value thereof.

"Bonds" means the Burbank Water and Power Water Revenue Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

"Business Day" means any day other than (1) a Saturday, Sunday, or a day on which banking institutions in the State or the State of New York are authorized or obligated by law or executive order to be closed, and (2) for purposes of payments and other actions relating to Bonds secured by a letter of credit, a day upon which commercial banks in the city in which is located the office of the issuing bank at which demands for payment under the letter of credit are to be presented are authorized or obligated by law or executive order to be closed.

"Capital Appreciation Indebtedness" means Bonds and Parity Debt on which interest is compounded and paid less frequently than annually.

"Certificate," "Statement," "Request," "Written Request," "Requisition" or "Order" of the City mean, respectively, a written certificate, statement, request, requisition or order signed in the name of the City by its City Manager or any other person authorized by the City Manager to execute such instruments. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined will be read and construed as a single instrument.

"Charter" means the City Charter of the City, as amended from time to time.

"City" means the City of Burbank, California.

"City Code" means the Municipal Code of the City, as amended from time to time.

"Code" means the Internal Revenue Code of 1986, and the regulations applicable thereto or issued thereunder.

"Continuing Disclosure Agreement" means any Continuing Disclosure Agreement executed and delivered by the City relating to any Series of Bonds.

"Corporate Trust Office" or "corporate trust office" means the corporate trust office of the Trustee at 633 W. Fifth St. 24th Floor, Los Angeles, California 90071, Attention: Global Corporate Trust, or such other office designated by the Trustee.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the City and related to the authorization, execution, sale and delivery of the Bonds, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, travel expenses and costs relating to rating agency meetings and other meetings concerning the Bonds, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, financial advisor fees and expenses, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of Bonds, surety, insurance and credit enhancement costs, and any other cost, charge or fee in connection with the delivery of Bonds.

"Council" means the City Council of the City.

"Counterparty" means an entity which has entered into an Interest Rate Swap Agreement with the City.

"Current Interest Indebtedness" means the Bonds and Parity Debt on which interest is paid at least annually.

"Debt Service" means the amount of principal and interest becoming due and payable on all Bonds and Parity Debt; provided, however, that for the purposes of computing Debt Service:

(a) Excluded Principal Payments (and the interest related thereto, provided such interest is being paid from the same source as the Excluded Principal Payments) will be excluded from such calculation and Assumed Debt Service will be included in such calculation;

(b) if the Bonds or Parity Debt are Variable Rate Indebtedness, the interest rate thereon for which an Interest Rate Swap Agreement is not in-place and the interest on which is excluded or expected to be excluded from gross income for federal income tax purposes for periods when the actual interest rate cannot yet be determined will be assumed to be equal to the average of the SIFMA Swap Index for the five years preceding such date of calculation;

(c) if the Bonds or Parity Debt are Variable Rate Indebtedness, the interest rate thereon for which an Interest Rate Swap Agreement is not in-place and the interest on which is included or expected to be included in gross income for federal income tax purposes for periods when the actual interest rate cannot yet be determined will be calculated at an interest rate equal to 100% of the average One Month USD LIBOR Rate during the five years preceding such date of calculation or such higher rate as will be specified in a Certificate of the City;

(d) principal and interest payments on Bonds and Parity Debt will be excluded to the extent such payments are to be paid from amounts on deposit with the Trustee or another fiduciary in escrow specifically therefor and to the extent that such interest payments are to be paid from the proceeds of Bonds or Parity Debt held by the Trustee or another fiduciary as capitalized interest;

(e) in determining the principal amount, payment will (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made in accordance with any amortization schedule established for such debt, including any mandatory sinking fund payments or any scheduled redemption or payment of Bonds or Parity Debt on the basis of Accreted Value, and for such purpose, the redemption payment or payment of Accreted Value will be deemed a principal payment and interest that is compounded and paid as Accreted Value will be deemed due on the scheduled redemption or payment date of such Capital Appreciation Indebtedness;

(f) with respect to any Bonds or Parity Debt that are Variable Rate Indebtedness for which an Interest Rate Swap Agreement is in-place providing for a fixed rate of interest to maturity or for a specific term with respect to such Bonds or Parity Debt, the interest rate on such Bonds or Parity Debt will be assumed to be the synthetic fixed interest rate specified in such Interest Rate Swap Agreement for such term; provided, that if, pursuant to a Certificate of the City filed with the Trustee in connection with the issuance of an additional Series of Bonds or Parity Debt or any calculation of the Reserve Requirement, the sum of (i) interest payable on such Bonds or Parity Debt, plus (ii) amounts payable by the City under such Interest Rate Swap Agreement, less (iii) amounts receivable by the City under such Interest Rate Swap Agreement, is expected to be greater than the interest payable on the Bonds or Parity Debt to which such Interest Rate Swap Agreement relates (i.e., if such Interest Rate Swap Agreement is an “off-market” Interest Rate Swap Agreement), then, in such instance, such excess amounts expected to be payable by the City under such Interest

Rate Swap Agreement or in connection with such Bonds or Parity Debt will be included in the calculation of Debt Service;

(g) with respect to any Bonds or Parity Debt bearing interest, or expected to bear interest, at a fixed interest rate for which an Interest Rate Swap Agreement is in-place providing for a net variable interest rate with respect to such Bonds or Parity Debt for a specific term, the interest rate on such Bonds or Parity Debt will be assumed to be equal for such term to the sum of (i) the fixed interest rate or rates to be paid on the Bonds or Parity Debt, minus (ii) the fixed interest rate receivable by the City under such Interest Rate Swap Agreement, plus (iii) the average interest rate of the index on which the Interest Rate Swap Agreement is based, as identified in a Certificate of the City, or, if not based on an identifiable index, then the SIFMA Swap Index, in each case, over the five years preceding the date of calculation or such higher rate as will be specified in a Certificate of the City in connection with the issuance of an additional Series of Bonds or Parity Debt or any calculation of the Reserve Requirement;

(h) if any Bonds or Parity Debt include an option or an obligation to tender all or a portion of such Bonds or Parity Debt to the City, the Trustee or another fiduciary or agent and require that such Bonds or Parity Debt or portion thereof be purchased if properly presented, then for purposes of determining the amounts of principal and interest due, the options or obligations to tender will be treated as a principal maturity occurring on the first date on which holders or owners thereof may or are required to tender, except that any such option or obligation to tender will be ignored and not treated as a principal maturity, if (1) such Bonds or Parity Debt are rated in one of the two highest long-term Rating Categories by Moody's, Fitch or Standard & Poor's or such Bonds or Parity Debt are rated in the highest short-term note or commercial paper Rating Categories by Moody's, Fitch or Standard & Poor's and (2) funds for the purchase price are to be provided by a letter of credit or standby bond purchase agreement and the obligation of the City with respect to the provider of such letter of credit or standby bond purchase agreement, other than its obligations on such Bonds or Parity Debt, will be subordinated to the obligation of the City on the Bonds and Parity Debt; and

(i) if interest on any Bonds or Parity Debt is reasonably anticipated to be reimbursed to the City by a Subsidy Payment, then at the election of the City to exclude such Subsidy Payment from Water Revenues, interest payments with respect to such Bonds or Parity Debt may be reduced by the amount of interest reasonably anticipated to be paid or reimbursed by the United States of America; provided, however, that if the City elects to include such Subsidy Payment in the definition of Water Revenues then interest payments with respect to such Bonds or Parity Debt will not be reduced by the amount of interest reasonably anticipated to be paid or reimbursed by the United States of America. Pursuant to the Second Supplemental Indenture, the City has elected to exclude from Water Revenues all Subsidy Payments relating to the Series 2010B Bonds.

"Debt Service Fund" means the fund by that name established in the Indenture.

"Defeasance Securities" means any of the following:

(i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of

America, including obligations of the Federal National Mortgage Association, the Government National Mortgage Association, Federal Home Loan Banks and Federal Home Loan Mortgage Corporation to the extent unconditionally guaranteed by the United States of America;

(ii) any certificates, receipts, securities or other obligations evidencing ownership of, or the right to receive, a specified portion of one or more interest payments or principal payments, or any combination thereof, to be made on any bond, note, or other obligation described above in clause (i) including, but not limited to, REFCORP interest strips; or

(iii) any bonds or other obligations of any state of the United States of America or any political subdivision thereof (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described above in clause (i) or (ii) which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the interest payment dates and the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described above in clause (i) or (ii) which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay the principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (iii) on the interest payment dates and the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (iii), as appropriate, and (d) which have been rated not lower than their respective ratings on the Bonds by Moody's (if Moody's is then rating the Bonds), Fitch (if Fitch is then rating the Bonds) and Standard & Poor's (if Standard & Poor's is then rating the Bonds).

"EMMA" means the Electronic Municipal Market Access System, a facility of the Municipal Securities Rulemaking Board, or its successor.

"Event of Default" means any of the events of default specified in the Indenture.

"Excluded Principal Payments" means each payment of principal (or the principal component of lease or installment purchase payments) of Bonds or Parity Debt which the City determines on a date not later than the date of issuance thereof that the City intends to pay with moneys that are not Water Revenues or Water Net Revenues, but from the proceeds of future debt obligations of the City and the Trustee may rely conclusively on such determination of the City.

"Fiscal Year" means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the City which designation will be provided to the Trustee in a Certificate of the City.

"Fitch" means Fitch, Inc., and its successors and assigns, except that if such corporation will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, then the term “Fitch” will be deemed to refer to any other nationally recognized securities rating agency selected by the City.

“Generally Accepted Accounting Principles Applicable to Governments” means generally accepted accounting principles applicable to governments as promulgated by the Governmental Accounting Standards Board or its successor.

“Indenture” means the Burbank Water and Power Water Revenue Bond Indenture, dated as of November 1, 2010, by and between the City and the Trustee, as originally executed and as it may from time to time be supplemented or amended by any Supplemental Indenture delivered pursuant to the provisions of the Indenture.

“Interest Rate Swap Agreement” means an interest rate swap, cap, collar, option, floor, forward, derivative, or other hedging agreement, arrangement or security, however denominated, entered into between the City and a Counterparty, in connection with or incidental to, the issuance or carrying of Bonds, including, without limitation, an interest rate swap, cap, collar, option, floor, forward, derivative, or other hedging agreement, arrangement or security entered into in advance of the issuance of Bonds and designated by the City in a certificate or Supplemental Indenture as a Parity Debt.

“Investment Securities” means the following:

(i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies and federally sponsored entities set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America;

(ii) any certificates, receipts, securities or other obligations evidencing ownership of, or the right to receive, a specified portion of one or more interest payments or principal payments, or any combination thereof, to be made on any bond, note, or other obligation described above in clause (i);

(iii) obligations of the Federal National Mortgage Association, the Government National Mortgage Association, Federal Home Loan Banks, and Federal Home Loan Mortgage Corporation;

(iv) obligations of any state, territory or commonwealth of the United States of America or any political subdivision thereof or any agency or department of the foregoing; provided that at the time of their purchase such obligations are rated not lower than their respective ratings on the Bonds by Moody’s (if Moody’s is then rating the Bonds), Fitch (if Fitch is then rating the Bonds) and Standard & Poor’s (if Standard & Poor’s is then rating the Bonds);

(v) any bonds or other obligations of any state of the United States of America or any political subdivision thereof (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described above in clause (i), (ii) or

(iii) which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the interest payment dates and the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described above in clause (i), (ii) or (iii) which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay the principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (v) on the interest payment dates and the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (v), as appropriate, and (d) which have been rated not lower than their respective ratings on the Bonds by Moody's (if Moody's is then rating the Bonds), Fitch (if Fitch is then rating the Bonds) and Standard & Poor's (if Standard & Poor's is then rating the Bonds);

(vi) bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by any corporation which are, at the time of purchase, rated by Moody's (if Moody's is then rating the Bonds), Fitch (if Fitch is then rating the Bonds) and Standard & Poor's (if Standard & Poor's is then rating the Bonds) in their respective highest short-term Rating Categories, or, if the term of such indebtedness is longer than three (3) years, rated not lower than their respective ratings on the Bonds by Moody's (if Moody's is then rating the Bonds), Fitch (if Fitch is then rating the Bonds) and Standard & Poor's (if Standard & Poor's is then rating the Bonds);

(vii) demand or time deposits or certificates of deposit, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Trustee), provided that such certificates of deposit will be purchased directly from such a bank, trust company or national banking association and will be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities and obligations as are described above in clauses (i) through (iv), inclusive, which will have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and will be lodged with the Trustee, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit, and the bank, trust company or national banking association issuing each such certificate of deposit required to be so secured will furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount equal to the principal amount of each such certificate of deposit and the Trustee will be entitled to rely on each such undertaking;

(viii) taxable commercial paper or tax-exempt commercial paper, rated in their respective highest Rating Categories by Moody's (if Moody's is then rating the Bonds), Fitch (if Fitch is then rating the Bonds) and Standard & Poor's (if Standard & Poor's is then rating the Bonds);

(ix) variable rate obligations required to be redeemed or purchased by the obligor or its agent or designee upon demand of the holder thereof secured as to such redemption or purchase requirement by a liquidity agreement with a corporation and as to the payment of interest and principal either upon maturity or redemption (other than upon demand by the holder thereof) thereof by an unconditional credit facility of a corporation provided that the variable rate obligations themselves are rated in their respective highest Rating Categories for its short-term rating, if any, and not lower than their respective ratings on the Bonds for its long-term rating, if any, by Moody's (if Moody's is then rating the Bonds), Fitch (if Fitch is then rating the Bonds) and Standard & Poor's (if Standard & Poor's is then rating the Bonds), and that the corporations providing the liquidity agreement and credit facility have, at the date of acquisition of the variable rate obligation by the Trustee, an outstanding issue of unsecured, uninsured and unguaranteed debt obligations rated not lower than their respective ratings on the Bonds by Moody's (if Moody's is then rating the Bonds), Fitch (if Fitch is then rating the Bonds) and Standard & Poor's (if Standard & Poor's is then rating the Bonds);

(x) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States or any national banking association (including the Trustee) having a minimum permanent capital of one hundred million dollars ($100,000,000) and with short-term debt rated by Moody's (if Moody's is then rating the Bonds), Fitch (if Fitch is then rating the Bonds) and Standard & Poor's (if Standard & Poor's is then rating the Bonds) in their respective four highest short-term rating categories or with government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities and obligations described in clauses (i), (ii) or (iii) above, which will have a market value (exclusive of accrued interest and valued at least monthly) at least equal to the principal amount of such investment and will be lodged with the Trustee or other fiduciary, as custodian for the Trustee, by the bank, trust company, national banking association or bond dealer executing such repurchase agreement, and the entity executing each such repurchase agreement required to be so secured will furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such repurchase agreement (as valued at least monthly) will be an amount equal to the principal amount of each such repurchase agreement and the Trustee will be entitled to rely on each such undertaking;

(xi) any cash sweep or similar account arrangement of or available to the Trustee, the investments of which are limited to investments described in clauses (i), (ii), (iii), (iv) and (x) of this definition of Investment Securities and any money market fund, the entire investments of which are limited to investments described in clauses (i), (ii), (iii), (iv) and (x) of this definition of Investment Securities and which money market fund is rated in their respective highest Rating Categories by Moody's (if Moody's is then rating the Bonds), Fitch (if Fitch is then rating the Bonds) and Standard & Poor's (if Standard & Poor's is then rating the Bonds); provided that as used in this clause (xi) and clause (xii) investments will be deemed to satisfy the requirements of clause (x) if they meet the requirements set forth in clause (x) ending with the words "clauses (i), (ii) or (iii) above" and without regard to the remainder of such clause (x);

(xii) investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by Standard & Poor's and "AA" by Fitch; provided, that the terms of the investment agreement will be approved in writing by each insurer of the Bonds, if any;

(xiii) shares of beneficial interest in diversified management companies investing exclusively in securities and obligations described in clauses (i) through (xii) of this definition of Investment Securities and which companies are rated in their respective highest Rating Categories by Moody's (if Moody's is then rating the Bonds), Fitch (if Fitch is then rating the Bonds) and Standard & Poor's (if Standard & Poor's is then rating the Bonds) or have an investment advisor registered with the Securities and Exchange Commission with not less than five years experience investing in such securities and obligations and with assets under management in excess of $500,000,000;

(xiv) the Local Agency Investment Fund; and

(xv) any investment approved by the Council.

"Maximum Annual Debt Service" means the greatest amount of principal and interest becoming due and payable on all Bonds and Parity Debt in the Fiscal Year in which the calculation is made or any subsequent Fiscal Year using the principles and assumptions set forth under the definition of Debt Service.

"Moody's" means Moody's Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, then the term "Moody's" will be deemed to refer to any other nationally recognized securities rating agency selected by the City.

"One Month USD LIBOR Rate" means the rate for deposits in U.S. dollars for a one-month maturity that appears on Reuters Screen LIBOR01 Page (or such other page as may replace that page on that service, or such other service as may be nominated by the British Bankers Association, for the purpose of displaying London interbank offered rates for U.S. dollar deposits) as of 11:00 a.m., London time, on the date of determination of such rate, except that, if such rate does not appear on such page on such date, the One Month USD LIBOR Rate means a rate determined on the basis of the rates at which deposits in U.S. dollars for a one-month maturity and in a principal amount of at least U.S. $1,000,000 are offered at approximately 11:00 a.m., London time, on such date, to prime banks in the London interbank market by three major banks in the London interbank market (in the Indenture referred to as the "Reference Banks") selected by the Trustee (provided, however, that the Trustee may appoint an agent to identify such Reference Banks). The Trustee or its agent is to request the principal London office of each of such Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, the One Month LIBOR Rate will be the arithmetic mean of such quotations. If fewer than two quotations are provided, the One Month LIBOR Rate will be the arithmetic mean of the rates quoted by three (if three quotations are not provided, two or one, as applicable) major banks in New York City, selected by the Trustee or its agent, at approximately 11:00 a.m., New York City time, on such date for loans in U.S. dollars to leading European banks in a principal amount of at least U.S. $1,000,000 having a one-month maturity. If none of the banks in New York City selected by the Trustee or its agent is then quoting rates for such loans, then the One Month LIBOR Rate for the ensuing interest period will mean the One Month LIBOR Rate most recently in effect.

"Opinion of Bond Counsel" means a written opinion of a law firm of national standing in the field of public finance selected by the City.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (2) Bonds with respect to which all liability of the City will have been discharged in accordance with the Indenture, including Bonds (or portions of Bonds) referred to in the Indenture; and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds will have been authenticated and delivered by the Trustee pursuant to the Indenture.

"Owner" whenever used in the Indenture with respect to a Bond, means the person in whose name such Bond is registered.

"Parity Debt" means SRF Obligations and any other indebtedness, installment sale obligation, lease obligation or other obligation of the City for borrowed money or Interest Rate Swap Agreement having an equal lien and charge upon the Water Net Revenues, therefore payable on a parity with the Bonds (whether or not any Bonds are Outstanding).

"Parity Reserve Fund" means the reserve fund created for Participating Bonds pursuant to the Indenture.

"Participating Bonds" means all Bonds Outstanding other than Bonds which are designated by the City as Bonds that will not constitute Participating Bonds in accordance with the provisions of the Indenture.

"Person" means an association, corporation, firm, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Rating Category" means (i) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier and (ii) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

"Rebate Fund" means that fund established under the Indenture.

"Rebate Requirement" means the Rebate Requirement defined in a Tax Certificate.

"Redemption Price" means, with respect to any Bond (or portion thereof) the Bond Obligation of such Bond (or portion thereof) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and the Indenture.

"Reserve Fund Requirement" means, as of any date of calculation, (i) with respect to the Parity Reserve Fund, an amount equal to one-half of the greatest amount of principal and interest becoming due and payable on all Outstanding Participating Bonds in the then current or any future Fiscal Year, net of any expected Subsidy Payment, and (ii) with respect to any Series Reserve Fund for a Series of Bonds that do not constitute Participating Bonds, the reserve fund requirement (which reserve fund requirement may be zero ($0)), specified for such Series of Bonds in a Supplemental Indenture setting forth the terms of such Bonds, all as computed and determined by the City and specified in writing to the Trustee.

“Securities Depository” will have the meaning assigned to such term in the Indenture or, in accordance with then-current guidelines of the Securities and Exchange Commission, to such other addresses and/or such other securities depository or depositories, or no such depositories, as the City may designate in a Request of the City delivered to the Trustee.

“Second Supplemental Indenture” means the Second Supplemental Burbank Water and Power Water Revenue Bond Indenture, dated as of November 1, 2010, by and between the City and the Trustee.

“Serial Bonds” means Bonds, maturing in specified years, for which no mandatory sinking fund payments are provided.

“Series,” whenever used in the Indenture with respect to Bonds, means all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange or in lieu of or in substitution for (but not to refund) such Bonds as provided in the Indenture.

“Series Reserve Fund” means a reserve fund created for a Series of Bonds that do not constitute Participating Bonds as specified in a Supplemental Indenture setting forth the terms of such Series of Bonds.

“Series 2010B Bonds” means the City of Burbank, California Burbank Water and Power Water Revenue Bonds, Series of 2010B (Taxable Build America Bonds).

“SIFMA Swap Index” means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry and Financial Markets Association (formerly the Bond Market Association) (“SIFMA”) or by any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Trustee and effective from such date.

“SRF Obligations” means the loan contract, dated April 1, 1994, between the California State Water Resources Control Board and the City and any similar loan made to the City from the California State Water Resources Control Board payable from Water Net Revenues on a parity with any Bonds and Parity Debt.

“Standard & Poor’s” means Standard & Poor’s, Rating Services, a division of the McGraw-Hill Companies, Inc., and its successors and assigns, except that if such corporation will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, then the term “Standard & Poor’s” will be deemed to refer to any other nationally recognized securities rating agency selected by the City.

“State” means the State of California.

“Subsidy Payment” means the payment from the United States Treasury to the City (or its designee) that is authorized by the Code and is calculated by reference to the interest due on a Series of Bonds (or portion thereof) on or about each interest payment date therefor based upon the qualification of such Series of Bonds (or portion thereof) as a “qualified bond” under applicable Code requirements, and the City’s irrevocable election to treat such Series of Bonds (or portion thereof) as such at the time of their issuance.

"Supplemental Indenture" means any indenture hereafter duly executed and delivered, supplementing, modifying or amending the Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

"Tax Certificate" means a Tax Certificate delivered by the City at the time of the issuance and delivery of any Series of Bonds, as the same may be amended or supplemented in accordance with its terms.

"Term Bonds" means Bonds payable at or before their specified maturity date or dates from mandatory sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

"Treasurer" means the Treasurer of the City.

"Trustee" means Wells Fargo Bank, National Association, acting as trustee under the Indenture, or any successor thereto.

"Variable Rate Indebtedness" means any indebtedness the interest rate on which is not fixed at the time of incurrence of such indebtedness, and has not at some subsequent date been fixed at a single numerical rate for the entire term of the indebtedness.

"Water Net Revenues" means the amount of Water Revenues of the Water System remaining after payment therefrom of the Water Operating Expenses.

"Water Operating Expenses" means the amount required to pay the expenses of management, repair and other costs necessary to operate, maintain and preserve the Water System in good repair and working order, including but not limited to, the expenses of conducting the Water System, but excluding depreciation.

"Water Revenue Fund" means the Water Revenue Fund established pursuant to the Indenture.

"Water Revenues" means all the revenues from rates, fees and charges for providing water service to persons and real property and all other fees, rents and charges and other revenues derived by the City from the ownership, operation, use or service of the Water System, including contributions in aid of construction; provided, that the City may by election in a Supplemental Indenture relating to a Series of Bonds or Parity Debt exclude from Water Revenues any Subsidy Payment.

"Water System" means the entire system and facilities of the City for the distribution of water as said system now exists and including all additions, extensions and improvements thereto later constructed or acquired.

Transfer and Exchange of Bonds; Bond Register

Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the register required to be kept pursuant to the Indenture, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee.

Whenever any Bond or Bonds are surrendered for transfer, the City will execute and the Trustee will authenticate and deliver a new Bond or Bonds, of the same Series, tenor, maturity and interest rate and for a like aggregate principal amount; provided that no registration or transfer may occur during the period established by the Trustee for selection of Bonds for redemption, or of any Bond or portion of a Bond so selected for redemption. The Trustee will require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Exchange of Bonds. Bonds may be exchanged at the Corporate Trust Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same Series, tenor, maturity and interest rate by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation; provided that, unless otherwise provided in any Supplemental Indenture, no exchange may occur during the period established by the Trustee for selection of Bonds for redemption, or of any Bond or portion of a Bond so selected for redemption. The Trustee will require the Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange.

Bond Register. The Trustee will keep or cause to be kept, at its Corporate Trust Office sufficient books for the registration and transfer of the Bonds, which will at all times be open to inspection during normal business hours by the City upon reasonable prior notice; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Bonds as hereinbefore provided.

Temporary Bonds. The Bonds may be issued in temporary form exchangeable for definitive Bonds. Any temporary Bond may be printed, lithographed or typewritten, will be of such denomination as may be determined by the City, will be in registered form and may contain such reference to any of the provisions of the Indenture as may be appropriate. A temporary Bond may be in the form of a single Bond payable in installments, each on the date, in the amount and at the rate of interest established for the Bonds maturing on such date. Every temporary Bond will be executed by the City and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the City issues temporary Bonds it will execute and deliver definitive Bonds after being requested to do so, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Corporate Trust Office of the Trustee and the Trustee will authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations of the same Series, tenor and maturity or maturities. Until so exchanged, the temporary Bonds will be entitled to the same benefits under the Indenture as definitive Bonds authenticated and delivered hereunder.

Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond becomes mutilated, the City, at the expense of the Owner of said Bond, will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee will be cancelled by it and delivered to, or upon the Order of, the City. If any Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the City and the Trustee and, if such evidence be satisfactory to both and indemnity satisfactory to them will be given, the City, at the expense of the Owner, will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond matured or is called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of the aforementioned indemnity). The City may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this paragraph and of the expenses which may be incurred by the City and the Trustee in the premises. Any Bond issued under the provisions of this paragraph in lieu of any Bond alleged to be lost, destroyed or stolen will constitute an original additional contractual obligation on the part of the City whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and will be entitled to the benefits of the Indenture with all other Bonds secured by the Indenture. Neither the City nor the Trustee will be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which maybe issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond will be treated as one and the same.

Issuance of Bonds

General. The City may by Supplemental Indenture establish one or more Series of Bonds payable from Water Net Revenues and secured by the pledge made under the Indenture equally and ratably with Bonds previously issued, and the City may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Bonds of any Series so established, in such principal amount as will be determined by the City, but only, with respect to each Series of Bonds, upon compliance by the City with the provisions of the Indenture (except the first Series of Bonds may be issued upon compliance by the City with the requirements of the Indenture and without further condition) and any additional requirements set forth in said Supplemental Indenture and subject to the following specific conditions, which are made conditions precedent to the issuance of any such additional Series of Bonds:

(a) no Event of Default will have occurred and then be continuing;

(b) the aggregate principal amount of Bonds issued under the Indenture will not exceed any limitation imposed by law or otherwise;

(c) with respect to any additional Series of Bonds that are Participating Bonds, there will be deposited in the Parity Reserve Fund, an amount of money so as to increase the amount on deposit therein to the Reserve Fund Requirement, and, with respect to any additional Series of Bonds which do not constitute Participating Bonds, there will be deposited in the Series Reserve Fund, if any, for such Series of Bonds, an amount of money equal to the Reserve Fund Requirement for such Series of Bonds; and

(d) the City will have placed on file with the Trustee a Certificate of the City certifying that the sum of: (1) the Water Net Revenues, plus (2) 90 percent (90%) of the amount by which the City projects Water Net Revenues for any period of twelve (12) consecutive months during the eighteen (18) months immediately preceding the date on which any additional Bonds or Parity Debt will become Outstanding would have been increased had increases in rates, fees and charges during such period of twelve (12) months been in effect throughout such period of twelve (12) months; plus (3) 75 percent (75%) of the amount by which the City projects Water Net Revenues will increase during the period of twelve (12) months commencing on the date of issuance of such additional Bonds or Parity Debt due to improvements to the Water System under construction (financed from any source) or to be financed with the proceeds of such additional Series of Bonds or Parity Debt, will (4) have been at least equal to 1.20 times the amount of Debt Service due within the next consecutive twelve (12) month period on all Bonds and Parity Debt then outstanding and the additional Bonds or Parity Debt then proposed to be issued.

If additional assets or revenues are included within the definition of "Water Net Revenues" by a Supplemental Indenture, such additional assets or revenues will be included in the calculations in subsection (d) above, as appropriate, as if such additional assets or revenues had always been included in Water Net Revenues.

Proceedings for Issuance of Additional Series of Bonds. Whenever the City will determine to issue a Series of Bonds pursuant to the Indenture, the City will authorize the execution of a Supplemental Indenture specifying the principal amount, and prescribing the form or forms of Bonds of such additional Series and providing the terms, conditions, distinctive designation, denominations, date, maturity date or dates, interest rate or rates (or the manner of determining the same), redemption provisions and place or places of payment of principal or Redemption Price, if any, of and interest on such Bonds, and any other provisions respecting the Bonds of such Series not inconsistent with the terms of the Indenture.

Each additional Series of Bonds will constitute Participating Bonds unless the Supplemental Indenture authorizing such Series of Bonds provides that such Series of Bonds will not be Participating Bonds and, if such Series of Bonds will not be Participating Bonds, provides for the establishment of a Series Reserve Fund for such Series of Bonds, provides for the pledge of amounts on deposit in such Series Reserve Fund to the payment of such Series of Bonds secured thereby, and establishes the Reserve Fund Requirement for such Series Reserve Fund.

Before such additional Series of Bonds will be issued and delivered, the City will file the following documents with the Trustee (upon which documents the Trustee may conclusively rely in determining whether the conditions precedent to the issuance of such Series of Bonds have been satisfied):

(a) an executed copy of the Supplemental Indenture authorizing such Series;

(b) a Certificate of the City stating that no Event of Default has occurred and is then continuing;

(c) an Opinion of Bond Counsel to the effect that the execution of the Supplemental Indenture has been duly authorized by the City in accordance with the Indenture and that such Series, when duly executed by the City and authenticated and delivered by the Trustee, will be valid and binding limited obligations of the City; and

(d) the Certificate of the City required under "*General*" above.

Issuance of Refunding Bonds. Notwithstanding any provisions in the Indenture, there will be no limitation on the ability of the City to issue any Bonds at any time to refund any outstanding Bonds or Parity Debt issued pursuant to the Indenture.

Limitations on the Issuance of Obligations. The City will not, so long as any of the Bonds are Outstanding, issue any obligations or securities, howsoever denominated, payable in whole or in part from Water Net Revenues, except the following:

(a) Bonds of any Series authorized pursuant to the Indenture;

(b) refunding Bonds authorized pursuant to the provisions described under "*Issuance of Refunding Bonds*" above;

(c) Parity Debt payable on a parity with the Bonds and which will have, when issued, an equal lien and charge upon the Water Net Revenues, provided that the following conditions to the issuance of such Parity Debt are satisfied:

(1) such Parity Debt has been duly and legally authorized for any lawful purpose;

(2) no Event of Default will have occurred and then be continuing, as evidenced in a Certificate of the City filed with the Trustee;

(3) unless such Parity Debt is for the refunding purposes specified in the Indenture, the City will have obtained and placed on file with the Trustee a Certificate of the City that (on the basis of calculations as of the date of delivery of such Parity Debt) the requirements of the Indenture with respect to additional Bonds have been met with respect to such Parity Debt;

(4) the City will have filed with the Trustee an opinion of 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 City payable from Water Net Revenues on a parity with the Bonds; and

(5) the Trustee will be designated as paying agent or trustee for such Parity Debt and the City will deliver to the Trustee a transcript of the proceedings providing for the issuance of such Parity Debt (but the Trustee will not be responsible for the validity or sufficiency of such proceedings or such Parity Debt); or

(d) Obligations which are junior and subordinate to the payment of the principal, premium, interest and reserve fund requirements for the Bonds and all Parity Debt and which subordinated obligations are payable as to principal, premium, interest and reserve fund requirements, if any, only out of Water Net Revenues, after the prior payment of all amounts then required to be paid under the Indenture from Water Net Revenues, for principal, premium, interest and reserve fund requirements for the Bonds and all Parity Debt, as the same become due and payable and at the times and in the manner as required in the Indenture.

Pledge of Water Net Revenues; Water Revenue Fund

The Bonds are revenue obligations of the City and are payable as to both principal and interest, and any premium upon redemption thereof, exclusively from Water Net Revenues and from the other funds pledged under the Indenture. All Water 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 Debt 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. There are pledged under the Indenture to secure the payment of the principal of and redemption premium, if any, and interest on the Bonds in accordance with their terms all amounts (including proceeds of the Bonds) held by the Trustee under the Indenture (except for amounts held in the Rebate Fund), 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 will constitute a first lien on the Water Net Revenues and amounts in such funds and will be valid and binding from and after delivery by the Trustee of the Bonds or Parity Debt, without any physical delivery thereof or further act.

The Water Net Revenues are pledged under the Indenture to the payment of Bonds and Parity Debt without priority or distinction of one over the other and the Water Net Revenues constitute a trust fund for the security and payment of the Bonds and Parity Debt; but nevertheless out of Water Net Revenues, certain amounts may be applied for other purposes as provided in the Indenture.

Out of Water Net Revenues, there will be applied as set forth in the Indenture all sums required for the payment of the principal of (including any premium thereon) and interest on the Bonds and all Parity Debt, together with any mandatory sinking fund payments of Bonds and Parity Debt and reserve fund requirements with respect thereto. All remaining Water Net Revenues, after making the foregoing allocation, will be available to the City for all lawful City purposes. The pledge of Water Net Revenues in the Indenture made will be irrevocable until all of the Bonds and all Parity Debt are no longer outstanding.

As long as any Bonds are Outstanding or any Parity Debt remains unpaid, the City will forthwith deposit in a fund, designated as the "Water Revenue Fund," which fund the City will establish and maintain, all Water Net Revenues when and as received by the City. Unless otherwise provided in the Indenture or in any Supplemental Indenture, investment income on amounts held by the City under the Indenture (other than amounts held in the Rebate Fund or for which particular instructions are provided in a Supplemental Indenture) will also be deposited in the Water Revenue Fund. All moneys at any time held in the Water Revenue Fund will be held in trust for the benefit of the Owners of the Bonds and Parity Debt and will be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture.

Payments Into Other Funds

As soon as practicable in each month after the deposit of Water Net Revenues into the Water Revenue Fund, but in any case no later than the last Business Day of such month, the City will withdraw from the Water Revenue Fund and pay to the Trustee for deposit in the following funds and accounts, in the following order, the amounts set forth below:

(a) in the Debt Service Fund established pursuant to the Indenture, the amount, if any, required so that the balance in said fund, including any subaccounts therein, to the extent moneys in such subaccounts are available to pay Accrued Aggregate Debt Service as of the last day of the then current month, will equal the Accrued Aggregate Debt Service as of the last day of the then current month; provided, that for purposes of this paragraph, the calculation of Debt Service with respect to the definition of Accrued Aggregate Debt Service will be made without regard to an election by the City to include any Subsidy Payment in Water Revenues or to exclude any Subsidy Payment from Water Revenues and without regard to paragraph (i) of the definition of Debt Service; and

(b) in the Parity Reserve Fund established pursuant to the Indenture and in each Series Reserve Fund established pursuant to a Supplemental Indenture the amount, if any, required so that the amount credited to such Parity Reserve Fund and each such Series Reserve Fund will, except as otherwise provided in the Indenture, be at least equal to the respective Reserve Fund Requirement as of the last day of the then current month; provided, that the deposits to the Parity Reserve Fund and each Series Reserve Fund will be made without preference or priority between such deposits and in the event of any deficiency in Water Net Revenues to make the deposits required by this paragraph, such Water Net Revenues will be deposited into the Parity Reserve Fund and each Series Reserve Fund ratably based on the amount required to be deposited in each such fund, without discrimination or preference;

provided, that on a parity with such deposits, the City will set aside or transfer amounts to the appropriate accounts with respect to outstanding Parity Debt as provided in the proceedings for such Parity Debt (which will be proportionate in the event such amounts are insufficient to provide for all deposits required as of any date to be made with respect to the Bonds and such Parity Debt).

Debt Service Fund

The Trustee will establish and maintain and hold in trust so long as any Bonds remain Outstanding, a special fund designated as the "Debt Service Fund." The Trustee will pay out of the Debt Service Fund: (i) on or before each interest payment date for any Outstanding Bonds, the amount required for the interest payable on such date; (ii) on or before each principal payment date or redemption date, the amount required for the Bond Obligation payable on such due date (including any mandatory sinking fund payment to be paid on such date); and (iii) on or before any redemption date for Outstanding Bonds, the amount required for the payment of interest on such Bonds then to be redeemed. Such amounts will be applied for such purposes by the Trustee on the due date thereof. The Trustee will also pay out of the Debt Service Fund the accrued interest included in the purchase price of any Bonds, the Debt Service of which may be paid from the moneys in such fund, purchased for retirement, without regard to an election by the City to include any Subsidy Payment in Water Revenues or to exclude any Subsidy Payment from Water Revenues.

On or prior to the forty-fifth (45^{th}) day preceding the due date of each mandatory sinking fund payment, any amounts then on deposit in the Debt Service Fund with respect to any mandatory sinking fund payment (exclusive of amounts, if any, set aside in said fund which were deposited therein from the proceeds of Bonds, but inclusive of amounts accumulated therein with respect to interest on the Bonds for which such mandatory sinking fund payment is to be paid) may, and if so directed by the City will, be applied by the Trustee to the purchase of Bonds of the Series and maturity for which such mandatory sinking fund payment was established in an amount not exceeding that necessary to complete the retirement of the unsatisfied balance of such mandatory sinking fund payment. All purchases of any Bonds pursuant to this subsection will be made at prices not exceeding the applicable sinking fund Redemption Price of such Bonds plus accrued interest, and such purchases will be made by the Trustee as directed by the City. If directed by the City, on or prior to the forty-fifth (45^{th}) day next preceding a mandatory sinking fund payment due date, there will be applied as a credit against such mandatory sinking fund payment, and there will be deemed to constitute part of the Debt Service Fund until such mandatory sinking fund payment due date, for the purpose of calculating the amount on deposit in such fund, the applicable sinking fund Redemption Price (or principal amount of maturing Bonds) of any Bonds of the Series and maturity for which such mandatory sinking fund payment was established, that were cancelled or delivered to the Trustee for cancellation on or prior to the forty-fifth (45^{th}) day next preceding such mandatory sinking fund payment due date and that was not previously applied as a credit against a mandatory sinking fund payment, including any Bonds purchased pursuant to this subsection and as to which the City has properly claimed a credit against the next mandatory sinking fund payment. As soon as practicable after the forty-fifth (45^{th}) day preceding the due date of any such mandatory sinking fund payment, the Trustee will proceed to call for redemption on such date, Bonds of the Series and maturity for which such mandatory sinking fund payment was established (except in the case of Bonds maturing on a mandatory sinking fund payment due date). The Trustee will pay out of the Debt Service Fund, on or before such redemption date (or maturity date), the amount required for the redemption of the Bonds so called for redemption (or for the payment of such Bonds then maturing), and such amounts will be applied to such redemption (or payment).

The amount, if any, deposited in the Debt Service Fund, including any subaccount, from the proceeds of each Series of Bonds will be set aside in such fund and applied to the payment of interest on Bonds as provided in the Supplemental Indenture relating to the issuance of such Series of Bonds and will be deemed available to pay Accrued Aggregate Debt Service only to the extent so provided without regard to an election by the City to include any Subsidy Payment in Water Revenues or to exclude any Subsidy Payment from Water Revenues.

If one or more Bonds are refunded, the Trustee may, upon the direction of the City with the advice of Bond Counsel, withdraw from the Debt Service Fund amounts accumulated therein with respect to Debt Service (without regard to an election by the City to include any Subsidy Payment in Water Revenues or to exclude any Subsidy Payment from Water Revenues) on the Bonds being refunded and deposit such amounts as directed by the City, to be held for the payment of the principal or Redemption Price, if applicable, or interest on the Bonds being refunded; provided that such withdrawal will not be made unless (a) immediately thereafter the Bonds being refunded will be deemed to have been paid pursuant to the Indenture, and (b) the amount remaining in the Debt Service Fund after such withdrawal will not be less than the requirement of such fund pursuant to the Indenture.

Any provisions of the Indenture to the contrary notwithstanding, so long as there will be held in the Debt Service Fund an amount sufficient to pay in full all Outstanding Bonds in accordance with their terms (including principal or Redemption Price, if applicable, and interest thereon), no deposits will be required to be made into the Debt Service Fund.

Parity Reserve Fund; Series Reserve Funds

The Trustee will establish and maintain and hold in trust so long as Participating Bonds remain Outstanding, a special fund designated as the "Parity Reserve Fund." Amounts on deposit in the Parity Reserve Fund are pledged to the payment of the Participating Bonds and will be applied only for such purposes as permitted in the Indenture. In accordance with the Indenture and as provided in any Supplemental Indenture for a Series of Bonds which are not Participating Bonds, the Trustee will establish and maintain and hold in trust so long as such Series of Bonds which are not Participating Bonds remains outstanding, a Series Reserve Fund for such Series of Bonds that are not Participating Bonds. In accordance with the Indenture and pursuant to the Supplemental Indenture for any Series of Bonds which are not Participating Bonds, amounts on deposit (if any) in each such Series Reserve Fund will be pledged to the payment of the applicable Series of Bonds which are not Participating Bonds to be secured thereby and will be applied only for such purposes as permitted in the Indenture. The Trustee will deposit in the Parity Reserve Fund and in each Series Reserve Fund, the amounts required to be deposited therein pursuant to the Indenture and such other amounts transferred to the Trustee by the City for deposit therein pursuant to the Indenture. No deposit need be made in the Parity Reserve Fund or any Series Reserve Fund so long as there will be on deposit therein a sum equal to the respective Reserve Fund Requirement. Whenever the amount on deposit in the Parity Reserve Fund or any Series Reserve Fund is less than the applicable Reserve Fund Requirement, such amount will be increased to the applicable Reserve Fund Requirement as provided for in this paragraph not later than twelve months thereafter.

If on the last Business Day of any month, the amount on deposit in the Debt Service Fund will be less than the amount required to be in such Debt Service Fund pursuant to the Indenture with respect to Participating Bonds, the Trustee will apply amounts from the Parity Reserve Fund to the extent necessary to make good the deficiency with respect to the Participating Bonds; and if on the last Business Day of any month, the amount on deposit in the Debt Service Fund will be less than the amount required to be in such Debt Service Fund pursuant to the Indenture with respect to any Series of Bonds for which a Series Reserve Fund has been established, the Trustee will apply amounts (if any) from the applicable Series Reserve Fund to the extent necessary to make good the deficiency with respect to the Series of Bonds secured by such Series Reserve Fund.

Whenever the amount in the Parity Reserve Fund, together with the amount in the Debt Service Fund available for such purpose, is sufficient to pay in full all Outstanding Participating Bonds in accordance with their terms (including principal or applicable mandatory sinking fund payments and interest thereon), the funds on deposit in the Parity Reserve Fund will be transferred to the Debt Service Fund and applied ratably to the payment or redemption of the Participating Bonds. Whenever the amount in the Series Reserve Fund, together with the amount in the Debt Service Fund available for such purpose, is sufficient to pay in full all of the Outstanding future Series of Bonds secured by such Series Reserve Fund in accordance with their terms (including principal or applicable mandatory sinking fund payments and interest thereon), the funds on deposit in the applicable Series Reserve Fund will be transferred to the Debt Service Fund and applied to the payment or redemption of the Series of Bonds secured by such Series Reserve Fund.

If any Participating Bonds are refunded, the Trustee may, upon the direction of the City with the advice of Bond Counsel, withdraw from the Parity Reserve Fund any amounts on deposit therein and deposit such amounts as directed by the City, to be held for the payment of the principal or Redemption Price, if applicable, or interest on the Participating Bonds being refunded; provided, that such withdrawal will not be made unless (a) immediately thereafter any Participating Bonds being refunded will be deemed to have been paid pursuant to the Indenture, and (b) the amount remaining in the Parity Reserve Fund after such withdrawal, taking into account any deposits to be made in the Parity Reserve Fund in connection with such refunding, will not be less than the Reserve Fund Requirement with respect to the Parity Reserve Fund. If all or any portion of any Series of Bonds secured by a Series Reserve Fund are refunded, the Trustee may, upon the direction of the City with the advice of Bond Counsel, withdraw from such Series Reserve Fund any amounts on deposit therein and deposit such amounts as directed by the City, to be held for the payment of the principal or Redemption Price, if applicable, or interest on such Series of Bonds secured by such Series Reserve Fund or portion thereof being refunded; provided, that such withdrawal will not be made unless (a) immediately thereafter such Series of Bonds or portion thereof being refunded will be deemed to have been paid pursuant to the Indenture, and (b) the amount remaining in the Series Reserve Fund after such withdrawal will not be less than the Reserve Fund Requirement with respect to such Series Reserve Fund.

Except as otherwise provided in a Supplemental Indenture, amounts on deposit in the Parity Reserve Fund or any Series Reserve Fund in excess of the respective Reserve Fund Requirement will, at the Written Request of the City, be withdrawn from the Parity Reserve Fund or Series Reserve Fund, as applicable, and transferred to the City and applied as permitted by Bond Counsel.

The City may provide for all or any part of the Reserve Fund Requirement for the Parity Reserve Fund or any Series Reserve Fund by delivering to the Trustee an irrevocable letter of credit issued by a financial institution having unsecured debt obligations rated in one of the two highest Rating Categories of Moody's, Fitch or Standard & Poor's at the time such letter of credit is issued, securing an amount, together with moneys, Investment Securities or surety bonds or insurance policies on deposit in the Parity Reserve Fund or such Series Reserve Fund, equal to the applicable Reserve Fund Requirement. Such letter of credit will have an original term of no less than three (3) years or, if less, the final maturity of the Participating Bonds or the Series of Bonds secured thereby, as applicable, and such letter of credit will provide by its terms that it may be drawn upon as provided in the Indenture. At least one year prior to the stated expiration of such letter of credit, the City will either (i) deliver a replacement letter of credit, (ii) deliver an extension of the letter of credit for at least an additional year or, if less, the maturity of the Participating Bonds or the Series of Bonds secured thereby, as applicable, or (iii) deliver to the Trustee a surety bond or an insurance policy satisfying the requirements of the Indenture. Upon delivery of such replacement letter of credit, extended letter of credit, or surety bond or insurance policy, the Trustee will deliver the then-effective letter of credit to or upon the order of the City. If the City will fail to deposit a replacement letter of credit, extended letter of credit, surety bond or insurance policy with the Trustee, the City will immediately commence to make monthly deposits with the Trustee so that an amount equal to the Reserve Fund Requirement will be on deposit in the Parity Reserve Fund or Series Reserve Fund, as applicable, no later than the stated expiration date of the letter of credit. If an amount equal to the Reserve Fund Requirement, as of the date following the expiration of the letter of credit, is not on deposit in the Parity Reserve Fund or Series Reserve Fund, as applicable, at the earlier of one week prior to the stated expiration date of the letter of credit or the debt service payment date (excluding from such determination the letter of credit), the Trustee will draw on the letter of credit to fund the amount of any such deficiency in the Parity Reserve Fund or Series Reserve Fund, as applicable.

The City may also provide for all or any part of the Parity Reserve Fund or any Series Reserve Fund by delivering to the Trustee a surety bond or an insurance policy securing an amount, together with moneys, Investment Securities or letters of credit on deposit in the Parity Reserve Fund or such Series Reserve Fund, as applicable, equal to the applicable Reserve Fund Requirement. Such surety bond or insurance policy will be issued by an insurance company whose unsecured debt obligations (or obligations secured by such insurance company's insurance policies) are rated in one of the two highest Rating Categories of Moody's, Fitch or Standard & Poor's at the time such surety bond or insurance policy is issued. Such surety bond or insurance policy will have a term of no less than the final maturity of the Participating Bonds or the Series of Bonds secured thereby, as applicable. If such surety bond or insurance policy for any reason lapses or expires, the City will immediately implement (i) or (iii) of paragraph (F) above or make the required deposits to the Parity Reserve Fund or Series Reserve Fund, as applicable.

The Trustee will ascertain the necessity for a draw or claim upon any letter of credit, surety bond or insurance policy provided under the Indenture and will take such action as is necessary in accordance with the terms thereof to received payments with respect thereto (including the giving of notice as required thereunder) on any date on which moneys will be required to be withdrawn from the Parity Reserve Fund or a Series Reserve Fund, as applicable, and applied to the payment of the principal of or interest on any Participating Bonds or Series of Bonds secured by such Parity Reserve Fund or Series Reserve Fund and such withdrawal cannot be met by amounts on deposit in the Parity Reserve Fund or Series Reserve Fund, as applicable. If a disbursement is made pursuant to letter of credit, surety bond or insurance policy credited to the Parity Reserve Fund or any Series Reserve Fund, the City will be obligated either (i) to reinstate the full amount of such letter of credit, surety bond or insurance policy or (ii) to deposit into the Parity Reserve Fund or Series Reserve Fund, as applicable, funds in the amount of such disbursement or a combination of such alternatives, as will provide that the amount in the Parity Reserve Fund or such Series Reserve Fund, as applicable, is at least equal to the applicable Reserve Fund Requirement. So long as a letter of credit, surety bond or insurance policy will be in full force and effect for purposes of funding all or any part of the Parity Reserve Fund or any Series Reserve Fund, as applicable, any deposits required to be made in the Parity Reserve Fund or a Series Reserve Fund pursuant to the Indenture will include any amounts due to the provider of the letter of credit, surety bond or insurance policy resulting from a draw or claim upon such letter of credit, surety bond or insurance policy (which amounts will constitute a deficiency in the Reserve Fund Requirement for purposes of the Indenture). Any such amounts will be paid to the provider of such letter of credit, surety bond or insurance policy as provided therein or in any related agreement.

Investment of Moneys in Funds and Accounts

All moneys in any of the funds, accounts and subaccounts held by the Trustee and established pursuant to the Indenture will be invested, as directed by the City, solely in Investment Securities. All Investment Securities will, as directed by the City in writing or by telephone, promptly confirmed in writing, be acquired subject to the limitations as to maturities set forth in the Indenture and such additional limitations or requirements consistent with the foregoing as may be established by Request of the City. The Trustee may conclusively rely upon any investment direction from the City as a certification to the Trustee that such investment constitutes an Investment Security. If and to the extent the Trustee does not receive investment instructions from the City with respect to the moneys in the funds and accounts held by the Trustee pursuant to the Indenture, such moneys will be invested in Investment Securities described in clause (xi) of the definition thereof and the Trustee will thereupon request investment instructions from the City for such moneys.

Unless otherwise provided in the Indenture or in a Supplemental Indenture, all interest, profits and other income received from the investment of moneys in any fund or account, other than the Rebate Fund, will be transferred to the Water Revenue Fund when received. All interest, profits and other income received from the investment of moneys in the Rebate Fund will be deposited in the Rebate Fund, except as provided in the Indenture and any applicable Supplemental Indenture. Notwithstanding anything to the contrary contained in the Indenture, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security will be credited to the fund or account from which such accrued interest was paid.

The Trustee may commingle any of the funds or accounts established pursuant to the Indenture into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee under the Indenture will be accounted for separately as required by the Indenture. The Trustee may act as principal or agent in the making or disposing of any investment and, with the prior written consent of the City, may impose its customary charge therefor. The Trustee may sell or present for redemption, any Investment Securities so purchased whenever it will be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Investment Security is credited, and the Trustee will not be liable or responsible for any loss resulting from such investment.

The City may and the Trustee will, upon the Request of the City, and provided that the Trustee is supplied with an Opinion of Bond Counsel to the effect that such action is permitted under the laws of the State of California, enter into an interest rate swap agreement corresponding to the interest rate or rates payable on a Series of Bonds or any portion thereof and the amounts received by the City or the Trustee, if any, pursuant to such a swap agreement may be applied to the deposits required under the Indenture; in which case, the entity with which the City or the Trustee may contract for an interest rate swap is limited to entities the debt securities of which are rated in their respective highest short-term debt Rating Categories by Moody's, Fitch or Standard & Poor's. If the City so designates, amounts payable under the interest rate swap agreement (other than termination payments due thereunder which will be made expressly subordinate to the payment of the Bonds) will be secured by Water Net Revenues on a parity basis with the Bonds and any Parity Debt and, in such event, the City will pay to the Trustee for deposit in the Debt Service Fund, at the times and in the manner provided by the Indenture, the amounts to be paid under such interest rate swap agreement, as if such amounts were additional interest due on the Bonds to which such interest rate swap agreement relates, and the Trustee will pay to the other party to the interest rate swap agreement, to the extent required thereunder, amounts deposited in the Debt Service Fund for the payment of interest on the Bonds with respect to which such agreement was entered.

Covenants

Pursuant to the Indenture, the City will covenant as follows:

Punctual Payment. The City will punctually pay or cause to be paid the principal or Redemption Price of and interest on all the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, and will punctually pay or cause to be paid all mandatory sinking fund payments, but in each case only out of Water Net Revenues, as provided in the Indenture.

Extension of Payment of Bonds. The City will not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any Bonds or claims for interest of such Bonds or claims for interest and in case the maturity of any of the Bonds or the time of payment of any such claims for interest will be extended, such Bonds or claims for interest will not be entitled, in case of any default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which will not have been so extended. Nothing will be deemed to limit the right of the City to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance will not be deemed to constitute an extension of maturity of Bonds.

Waiver of Laws. The City will not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in the Indenture or in the Bonds, and all benefit or advantage of any such law or laws is expressly waived by the City to the extent permitted by law.

Further Assurances. The City will make, execute and deliver any and all such instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in the Indenture.

Against Encumbrances. The City will not create any pledge, lien or charge upon any of the Water Net Revenues, having priority over the lien of the Bonds.

The City will pay or cause to be paid when due all sums of money that may become due or purporting to be due for any labor, services, materials, supplies or equipment furnished, or alleged to have been furnished, to or for the City in, upon, about or relating to the Water System and will keep the Water System free of any and all liens against any portion of the Water System. If any such lien attaches to or is filed against any portion of the Water System, the City will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the City desires to contest any such lien it may do so if contesting such lien will not materially impair operation of the Water System. If any such lien will be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, the City will forthwith pay or cause to be paid and discharged such judgment.

Accounting Records and Financial Statements. The City will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with Generally Accepted Accounting Principles Applicable to Governments, in which complete and accurate entries will be made of all calculations relating to Water Net Revenues. Such books of record and account will be available for inspection by the Trustee (who will have no duty to inspect) or the Owners at reasonable hours and under reasonable circumstances.

The City will furnish the Trustee, within one hundred and eighty (180) days after the end of each Fiscal Year, the financial statements of the City's Water and Electric Utility Enterprise Funds for such Fiscal Year, together with the report and opinion of an independent certified public accountant stating that the financial statements have been prepared in accordance with Generally Accepted Accounting Principles Applicable to Governments and that such accountant's examination of the financial statements was performed in accordance with generally accepted auditing standards and a Certificate of the Treasurer of the City stating that no event which constitutes an Event of Default or which with the giving of notice or the passage of time or both would constitute an Event of Default has occurred and is continuing as of the end of such Fiscal Year, or specifying the nature of such event and the actions taken and proposed to be taken by the City to cure such default. Thereafter, a copy of such financial statements will be furnished to any Owner of Bonds upon written request to the City. The Trustee will have no duty to review such financial statements.

The City will furnish to the Trustee within thirty (30) days after approval thereof, the annual budget of the City for the Water System.

Rebate Fund. The Trustee will establish and maintain, so long as any Bonds remain Outstanding, a fund separate from any other fund established and maintained under the

Indenture designated as the “Rebate Fund” (the “Rebate Fund”). All amounts at any time on deposit in the Rebate Fund will be held by the Trustee to the extent required to satisfy the requirement to make rebate payments to the United States (the “Rebate Requirement”) pursuant to section 148 of the Code and the Treasury Regulations promulgated thereunder (the “Treasury Regulations”). Such amounts will be free and clear of any lien under the Indenture and will be governed by this section and the Indenture, any applicable Supplemental Indenture and by the Tax Certificate for the applicable Series of Bonds, if any. The provisions relating to the Rebate Fund for a Series of Bonds will be set forth in the related Supplemental Indenture.

Tax Covenants. The City covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds under section 103 of the Code; provided that, prior to the issuance of any Series of Bonds, the City may exclude the application of the covenants contained in the Indenture to such Series of Bonds. The City will exclude the application of such covenants with respect to the Series 2010B Bonds.

Rates and Charges. The City covenants in the Indenture that it will prescribe, revise and collect such charges for the services, facilities and water furnished by the Water System which, after making allowances for contingencies and error in the estimates, will provide Water Net Revenues at least sufficient to pay the following amounts in the order set forth:

(i) The interest on, and principal and Redemption Price of, the outstanding Bonds and any Parity Debt as the same will become due and payable;

(ii) All payments required for compliance with the Indenture, including payments required to be made into any bond reserve fund; and

(iii) All payments required to meet any other obligations of the City which are charges, liens, encumbrances upon or payable from the Water Net Revenues;

and the charges will be fixed so that in each Fiscal Year the Water Net Revenues will be at least equal to 1.20 times the amount of the Annual Debt Service.

Maintenance and Operation of System; Insurance. The City will maintain and preserve the Water System in good repair and working order at all times, and will operate the Water System in an efficient and economical manner. Subject in each case to the condition that insurance is obtainable at rates deemed reasonable by the City and upon terms and conditions deemed reasonable by the City, the City will procure and maintain at all times: (a) insurance on the Water System against such risks as and in such amounts as the City deems prudent taking into account insurance coverage for similar utilities, and (b) public liability insurance, including self-insurance, as appropriate, in such amounts as the City deems prudent taking into account insurance coverage for similar utilities.

Sale of Water System. The Water System will not be sold or leased or otherwise disposed of as a whole, or substantially as a whole, unless such sale, lease or other disposition be so arranged as to provide for a continuance of timely payments sufficient in amount to permit payment therefrom of the principal of and interest on, and premiums, if any, due upon the redemption of, all Bonds and Parity Debt payable out of Water Net Revenues, or to provide for such payments into some other fund charged with such payments. None of the works, plant, properties, facilities or other part of the Water System or any real or personal property comprising a part of the Water System will be sold, leased or otherwise disposed of if such sale, lease or disposition would cause the City to be unable to satisfy the requirements of the Indenture.

Continuing Disclosure Agreement. The City will comply with and carry out all of its obligations under any Continuing Disclosure Agreement executed in connection with a Series of Bonds. Upon the failure of the City to comply with the Continuing Disclosure Agreement relating to any Series of Bonds, the Trustee (at the written request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the Owners of at least 25% in aggregate Bond Obligation of the related Series of Bonds, will, but only to the extent indemnified to its satisfaction from any liability or expense, including, without limitation, fees and expenses of its attorneys) or any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City, to comply with its obligations under the Indenture. "Beneficial Owner" will have the meaning prescribed thereto in the respective Continuing Disclosure Agreement relating to such Series of Bonds.

Events of Default; Remedies

Events of Default. The following events will be Events of Default:

(a) default in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same will become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise in the amounts and at the times provided therefor;

(b) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment will become due and payable;

(c) failure by the City to observe or perform any covenant, condition, agreement or provision in the Indenture on its part to be observed or performed, other than as referred to in subsection (a) or (b) of *Events of Default; Remedies*, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, has been given to the City by the Trustee; except that, if such failure can be remedied but not within such thirty (30) day period and if the City has taken all action reasonably possible to remedy such failure within such thirty (30) day period, such failure will not become an Event of Default for so long as the City will diligently proceed to remedy the same in accordance with and subject to any directions or limitations of time established by the Trustee;

(d) default by the City under any agreement governing any Parity Debt and the continuance of such default beyond the therein stated grace period, if any, with respect to such default;

(e) the filing by the City of a petition in voluntary bankruptcy for the composition of its affairs or for its corporate reorganization under any state or federal bankruptcy or insolvency law, or an assignment by the City for the benefit of creditors, or the admission by the City in writing to its insolvency or inability to pay debts as they mature, or the consent by the City in writing to the appointment of a trustee or receiver for itself;

(f) the entering by a court of competent jurisdiction of an order, judgment or decree declaring the City insolvent, or adjudging it bankrupt, or appointing a trustee or receiver of the City, or approving a petition filed against the City seeking reorganization of the City under any applicable law or statute of the United States of America or any state thereof, and such order, judgment or decree will not be vacated or set aside or stayed within sixty (60) days from the date of the entry thereof; or

(g) the assumption, under the provisions of any other law for the relief or aid of debtors, by any court of competent jurisdiction of custody or control of the City or of the Water Net Revenues and such custody or control will not be terminated within sixty (60) days from the date of assumption of such custody or control.

Application of Water Net Revenues and Other Funds After Default; Acceleration. If an Event of Default will occur and be continuing, the City will immediately transfer to the Trustee all Water Net Revenues held by it and received thereafter and the Trustee will apply all Water Net Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture (except as otherwise provided in the Indenture) as follows and in the following order:

(1) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and Parity Debt, including the costs and expenses of the Trustee and the Owners in declaring such Event of Default, and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel and other agents) incurred in and about the performance of its powers and duties under the Indenture; and

(2) To the payment of the whole amount of Bond Obligation then due on the Bonds and Parity Debt (upon presentation of the Bonds and Parity Debt to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture, with interest on such Bond Obligation at the rate or rates of interest borne by the respective Bonds and Parity Debt, to the payment to the persons entitled thereto of all installments of interest then due and the unpaid principal or Redemption Price of any Bonds and Parity Debt which will have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue Bond Obligation and Parity Debt at the rate borne by the respective Bonds and Parity Debt, and, if the amount available will not be sufficient to pay in full all the Bonds and Parity Debt due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or interest or Accreted Value (plus accrued interest) due on such date to the persons entitled thereto, without any discrimination or preference.

In each and every such case during the continuance of such Event of Default, the Owners of not less than a majority in aggregate amount of Bond Obligation of the Bonds at the time Outstanding will be entitled, upon notice in writing to the City, to declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, anything in the Indenture or in the Bonds contained to the contrary notwithstanding.

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds will have been so declared due and payable, the City will pay to or will deposit with the Trustee a sum sufficient to pay all principal on such Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) will have been made good or cured to the satisfaction of the Trustee, or provision deemed by the Trustee to be adequate will have been made therefor, then, and in every such case, the Owners of not less than a majority in aggregate amount of Bond Obligation of the Bonds at the time Outstanding, by written notice to the City and to the Trustee, may, on behalf of the Owners of all the Bonds, rescind and annul such declaration and its consequences; but no such rescission and annulment will extend to or will affect any subsequent default, or will impair or exhaust any right or power consequent thereon.

Trustee to Represent Owners. The Trustee is irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, will be conclusively deemed to have so appointed the Trustee) under the Indenture as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, the Indenture and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Owners, the Trustee in its discretion may, and upon the written request of the Owners of not less than twenty-five percent (25%) in aggregate amount of Bond Obligation of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, will, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it will deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power in the Indenture granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Indenture or any other law; and upon instituting such proceeding, the Trustee will be entitled, as a matter of right, to the appointment of a receiver of the Water Net Revenues, and other assets pledged under the Indenture, pending such proceedings. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee will be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of the Indenture.

Owners' Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate amount of Bond Obligation of the Bonds then Outstanding will have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee and upon furnishing the Trustee with indemnification satisfactory to it, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture, provided that such direction will not be otherwise than in accordance with law and the provisions of the Indenture, that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and that the Trustee will have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners or holders of Parity Debt not parties to such direction.

Limitation on Owners' Right to Sue. No Owner of any Bond will have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture or any other applicable law with respect to such Bond, unless

(1) such Owner will have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Owners of not less than twenty-five percent (25%) in aggregate amount of Bond Obligation of the Bonds then Outstanding will have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such suit, action or proceeding in its own name; (3) such Owner or said Owners will have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (4) the Trustee will have refused or omitted to comply with such request for a period of sixty (60) days after such written request will have been received by, and said tender of indemnity will have been made to, the Trustee; and (5) the Trustee will not have received contrary directions from the Owners of a majority in aggregate amount of Bond Obligation of the Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy under the Indenture or under law; it being understood and intended that no one or more Owners of Bonds will have any right in any manner whatever by his, her or their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Indenture or other applicable law with respect to the Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right will be instituted, had and maintained in the manner provided in the Indenture and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of the Indenture.

Absolute Obligation of the City. Nothing in any other provision of the Indenture or in the Bonds contained will affect or impair the obligation of the City, 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 Water Net Revenues and other assets pledged in the Indenture therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Owners on account of any Event of Default will have been discontinued or abandoned for any reason or will have been determined adversely to the Trustee or the Owners, then in every such case the City, the Trustee and the Owners, subject to any determination in such proceedings, will be restored to their former positions and rights under the Indenture, severally and respectively, and all rights, remedies, powers and duties of the City, the Trustee and the Owners will continue as though no such proceedings had been taken.

Remedies Not Exclusive. No remedy conferred in the Indenture upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, will be cumulative and in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or otherwise.

No Waiver of Default. No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any default will impair any such right or power or will be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by the Indenture to the Trustee or to the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

The Trustee

Appointment; Duties, Immunities and Liabilities of Trustee. The Trustee is appointed under the Indenture as Trustee under the Indenture and accepts the trust imposed upon it as Trustee under the Indenture and to perform all the functions and duties of the Trustee under the Indenture, subject to the terms and conditions set forth in the Indenture. The Trustee will, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in the Indenture and no implied covenants will be read into the Indenture against the Trustee. The Trustee will, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by the Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

The City may remove the Trustee at any time unless an Event of Default will have occurred and then be continuing, and will remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate amount of Bond Obligation of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee will cease to be eligible, or will become incapable of acting, or will be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property will be appointed, or any public officer will take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon will appoint a successor Trustee by an instrument in writing.

The Trustee may at any time resign by giving written notice of such resignation to the City and by giving the Owners notice of such resignation by mail at the addresses shown on the registration books maintained by the Trustee. Upon receiving such notice of resignation, the City will promptly appoint a successor Trustee by an instrument in writing.

Any removal or resignation of the Trustee and appointment of a successor Trustee will become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee will have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of himself and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture, will signify its acceptance of such appointment by executing and delivering to the City and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, will become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the Indenture; but, nevertheless at the Request of the City or the request of the successor Trustee, such predecessor Trustee will execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and will pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Indenture. Upon request of the successor Trustee, the City will execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the City will give notice of the succession of such Trustee to the trusts under the Indenture by mail to the Owners at the addresses shown on the registration books maintained by the Trustee. If the City fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee will cause such notice to be mailed at the expense of the City.

Any Trustee appointed under the Indenture in succession to the Trustee will be a trust company or bank having the powers of a trust company having a corporate trust office in the State, having a combined capital and surplus of at least seventy-five million dollars ($75,000,000) and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then the combined capital and surplus of such bank or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee will cease to be eligible in accordance with the provisions of this paragraph, the Trustee will resign immediately in the manner and with the effect specified in the Indenture.

If, by reason of the judgment of any court, the Trustee or any successor Trustee is rendered unable to perform its duties under the Indenture, and if no successor Trustee be then appointed, all such duties and all of the rights and powers of the Trustee under the Indenture will be assumed by and vest in the City in trust for the benefit of the Owners.

Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it will be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company will be eligible under the Indenture, will be the successor to such Trustee without the execution or filing of any paper or any further act, anything in the Indenture to the contrary notwithstanding.

Liability of Trustee. The recitals of facts in the Indenture and in the Bonds contained will be taken as statements of the City, and the Trustee assumes no responsibility for the correctness of the same (other than the certificate of authentication of the Trustee on each Bond), and makes no representations as to the validity or sufficiency of the Indenture or of the Bonds or of any Investment Security, as to the sufficiency of the Water Net Revenues, or the priority of the lien of the Indenture thereon, or as to the financial or technical feasibility of the Water System and will not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressly in the Indenture or in the Bonds assigned to or imposed upon it. The Trustee will, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee will not be liable in connection with the performance of its duties under the Indenture, except for its own negligence, willful misconduct or breach of the express terms and conditions of the Indenture. The Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Owner of a Bond may be entitled to take, with like effect as if the Trustee was not the Trustee under the Indenture. The Trustee may in good faith hold any other form of indebtedness of the City, own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the City and make disbursements for the City and enter into any commercial or business arrangement therewith, without limitation.

The Trustee will not be liable for any error of judgment made in good faith by a responsible officer unless it will be proved that the Trustee was negligent in ascertaining the pertinent facts. The Trustee may execute any of the trusts or powers of the Indenture and perform the duties required of it under the Indenture by or through attorneys, agents, or receivers, and will be entitled to advice of counsel concerning all matters of trust and its duty under the Indenture, but the Trustee will be answerable for the negligence or misconduct of any such attorney, agent, or receiver selected by it; provided, however, that the Trustee will not be answerable for the negligence or misconduct of any attorney or certified public accountant selected by it with due care.

The Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than twenty-five percent (25%) in aggregate amount of Bond Obligation of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under the Indenture.

The Trustee will be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request, order or direction of any of the Owners pursuant to the provisions of the Indenture, including, without limitation, the provisions of the Indenture, unless such Owners will have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby.

The Trustee will not be deemed to have knowledge of and will not be required to take any action with respect to, any Event of Default (other than certain payment defaults) or event which would, with the giving of notice, the passage of time or both, constitute an Event of Default, unless the Trustee will have actual knowledge of such event or will have been notified of such event by the City or the Owners of twenty-five percent (25%) in aggregate amount of Bond Obligation of the Bonds at the time Outstanding.

Amendments

Amendments Permitted. The Indenture and the rights and obligations of the City, the Owners of the Bonds and the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the City and the Trustee may enter into with the written consent of the Owners of a majority in aggregate amount of Bond Obligation of the Bonds (or, if such Supplemental Indenture is only applicable to a Series of Bonds, such Series of Bonds) then Outstanding or, in case less than all of the Series of Bonds then Outstanding are affected by the modification or amendment, of the Owners of at least a majority in aggregate principal amount of the Bonds so affected and Outstanding at the time such consent is given, will have been filed with the Trustee; provided, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity remain Outstanding, the consent of the Owners of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding.

The rights and obligations of the City and of the Owners of the Bonds and of the Trustee may also be modified or amended at any time by a Supplemental Indenture entered into by the City and the Trustee which will become binding when the written consents of each provider of a letter of credit or a policy of bond insurance for the Bonds will have been filed with the Trustee; provided, that at such time the payment of all the principal of and interest on all Outstanding Bonds will be insured by a policy or policies of municipal bond insurance or payable under a letter of credit the provider of which will be a financial institution or association having unsecured debt obligations rated, or insuring or securing other debt obligations rated on the basis of such insurance or letters of credit, in one of the two highest Rating Categories of Moody's, Fitch or Standard & Poor's. A copy of each such Supplemental Indenture when executed and delivered will be sent by the City to Moody's, Fitch and Standard & Poor's to extent such rating agency is then rating the Bonds.

No such modification or amendment will (a) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, or extend the time of payment or reduce the amount of any mandatory sinking fund payment provided for the payment of any Bond, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof exclusively, without the consent of the Owner of each Bond so affected, or (b) reduce the aforesaid percentage of Bond Obligation the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Water Net Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture, or deprive the Owners of the Bonds of the lien created by the Indenture on such Water Net Revenues and other assets (in each case, except as expressly provided in the Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It will not be necessary for the consent of the Owners to approve the particular form of any Supplemental Indenture, but it will be sufficient if such consent will approve the substance thereof.

The Indenture and the rights and obligations of the City, of the Trustee and of the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the City may adopt without the consent of any Owners but only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the City in the Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power reserved to or conferred upon the City;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the City may deem necessary or desirable, and which will not materially and adversely affect the interests of the Owners of the Bonds;

(3) to modify, amend or supplement the Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said Act or similar federal statute, and which will not materially and adversely affect the interests of the Owners of the Bonds;

(4) to make modifications or adjustments necessary, appropriate or desirable to provide for the issuance of Variable Rate Indebtedness, Capital Appreciation Indebtedness or Parity Debt with such interest rate, payment, maturity and other terms as the City may deem desirable; subject to the provisions of the Indenture;

(5) to provide for the issuance of Bonds in book-entry form or bearer form, provided that no such provision will materially and adversely affect the interests of the Owners of the Bonds;

(6) if the City agrees in a Supplemental Indenture to maintain the exclusion of interest on a Series of Bonds from gross income for purposes of federal income taxation, to make such provisions as are necessary or appropriate to ensure such exclusion;

(7) to provide for the issuance of an additional Series of Bonds pursuant to provisions of the Indenture; and

(8) for any other purpose that does not materially and adversely affect the interests of the Owners of the Bonds.

Defeasance

Discharge of Indenture. Bonds of any Series or a portion thereof may be paid by the City in any of the following ways:

(i) by paying or causing to be paid the Bond Obligation of and interest on such Outstanding Bonds, as and when the same become due and payable;

(ii) by depositing with the Trustee, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Indenture) to pay or redeem such Outstanding Bonds; or

(iii) by delivering to the Trustee, for cancellation by it, such Outstanding Bonds.

If the City will pay all Series for which any Bonds are Outstanding and also pay or cause to be paid all other sums payable under the Indenture by the City, then and in that case, at the election of the City (evidenced by a Certificate of the City filed with the Trustee signifying the intention of the City to discharge all such indebtedness and the Indenture), and notwithstanding that any Bonds will not have been surrendered for payment, the Indenture and the pledge of Water Net Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of the City under the Indenture will cease, terminate, become void and be completely discharged and satisfied. In such event, upon Request of the City, the Trustee will cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the City and will execute and deliver to the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee will pay over, transfer, assign or deliver to the City all moneys or securities or other property held by it pursuant to the Indenture which, as evidenced by a verification report, upon which the Trustee may conclusively rely, from a firm of certified public accountants, are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Discharge of Liability on Bonds. Upon the deposit with the Trustee, escrow agent or other fiduciary, in trust, at or before maturity, of money or securities in the necessary amount (as provided in the Indenture) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption will have been given as in Article IV provided or provision satisfactory to the Trustee will have been made for the giving of such notice, then all liability of the City in respect of such Bond will cease, terminate and be completely discharged, provided that the Owner thereof will thereafter be entitled to the payment of the principal of and premium, if any, and interest on the Bonds, and the City will remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of the Indenture and the continuing duties of the Trustee under the Indenture.

The City may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the City may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, will be deemed to be paid and retired.

Deposit of Money or Securities with Trustee. Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to the Indenture and will be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption will have been given as in Article IV provided or provision satisfactory to the Trustee will have been made for the giving of such notice, the amount to be deposited or held will be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date; or

(b) Defeasance Securities, the principal of and interest on which when due will, in the opinion of an independent certified public accountant or, as determined by the City using due diligence, another firm of verification agents, delivered to the Trustee (upon which opinion the Trustee may conclusively rely), provide money sufficient to pay the principal or Redemption Price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or Redemption Price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption will have been given as in Article IV provided or provision satisfactory to the Trustee will have been made for the giving of such notice;

provided, in each case, that the Trustee will have been irrevocably instructed (by the terms of the Indenture or by Request of the City) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Bonds.

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[Delivery Date]

City of Burbank
Burbank, California

Re: $24,825,000 City of Burbank, California, Burbank Water and Power Water Revenue/Refunding Bonds, Series of 2021

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Burbank, California (the "City") of its $24,825,000 Burbank Water and Power Water Revenue/Refunding Bonds, Series of 2021 (the "Bonds"). The Bonds are authorized and issued pursuant to Article 12 of Chapter 4 of Title 2 (formerly Article 12 of Chapter 14) of the Burbank Municipal Code, as amended (the "Bond Law"), and a resolution adopted by the City Council of the City on October 26, 2021. The Bonds are also issued pursuant to the Burbank Water and Power Water Revenue Bond Indenture, dated as of November 1, 2010 (the "Master Water Revenue Bond Indenture"), as supplemented by the First Supplemental Burbank Water and Power Water Revenue Bond Indenture, dated as of November 1, 2010 (the "First Supplemental Indenture"), the Second Supplemental Burbank Water and Power Water Revenue Bond Indenture, dated as of November 1, 2010 (the "Second Supplemental Indenture"), and the Third Supplemental Burbank Water and Power Water Revenue Bond Indenture, dated as of November 1, 2021 (the "Third Supplemental Indenture"), relating to the Bonds, each by and between the City and U.S. Bank National Association, as successor trustee (the "Trustee"). The Master Water Revenue Bond Indenture, as supplemented by the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture, is referred to herein as the "Indenture."

As bond counsel, we have reviewed the Bond Law, the Indenture, certifications of the City, the Trustee and others, opinions of counsel to the City and the Trustee, and such other documents, opinions and instruments as we deemed necessary to render the opinions set forth herein. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

We have assumed the genuineness of all documents and signatures presented to us. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding special, limited obligations of the City and are payable exclusively from and are secured by a pledge of the Water Net Revenues and certain amounts held under the Indenture, as provided in the Indenture, and are entitled to the benefits of the Indenture.

2. The Indenture has been duly and validly authorized, executed and delivered by the City and, assuming the enforceability thereof against the Trustee, constitutes the legally valid and binding obligation of the City, enforceable against the City in accordance with its terms. The Indenture creates a valid pledge, to secure the payment of principal of and interest on the Bonds, of the Water Net Revenues and certain other amounts held by the Trustee in certain funds and accounts established pursuant to the Indenture, subject to the provisions of the Indenture permitting the application thereof and on the terms and conditions set forth therein.

3. Under existing statutes, regulations, rulings and judicial decisions, assuming continuing compliance by the City with certain covenants in the Indenture and other documents pertaining to the Bonds and requirements of the Internal Revenue Code of 1986 regarding the use, expenditure and investment of proceeds of the Bonds and the timely payment of certain investment earnings to the United States, interest on the Bonds is not includable in the gross income of the owners of the Bonds for purposes of federal income taxation.

4. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

5. Under existing law, interest on the Bonds is exempt from personal income taxes of the State of California.

Our opinion in paragraph 3 above is rendered in reliance on representations and certifications of the City made in a Tax Certificate dated the date hereof pertaining to the use, expenditure, and investment of the proceeds of the Bonds. Except as stated in paragraphs 3, 4 and 5 above, we express no opinion as to any federal or state tax consequences of the ownership or disposition of, or the receipt or accrual of interest on, the Bonds. Further, certain requirements and procedures contained or referred to in the Indenture or in other documents pertaining to the Bonds may be changed, and certain actions may be taken, 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 of any change to any document pertaining to the Bonds or of any action taken or not taken where such change is made or action is taken or not taken without our approval or in reliance upon the advice of counsel other than ourselves with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes.

The opinions expressed and the statements made herein are based on an analysis of existing laws, regulations, rulings and judicial decisions. Such opinions and statements may be adversely affected by actions taken or events occurring, including a change in law, regulation or ruling (or in the application or official interpretation of any law, regulation or ruling) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions are taken or such events occur, and we have no obligation to update this letter in light of such actions or events or for any other reason. Moreover, our opinions are not a guarantee of result and represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

No opinion is expressed herein on the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds.

The opinions expressed in paragraphs 1 and 2 above are qualified to the extent that the enforceability of the Bonds and the Indenture may be limited by applicable bankruptcy, insolvency, debt adjustment, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally or as to the availability of any particular remedy. The enforceability of the Bonds and the Indenture is subject to the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, to the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and to the limitations on legal remedies against governmental entities in California (including, but not limited to, rights of indemnification).

These opinions are limited to the laws of the State of California and the federal laws of the United States.

Respectfully submitted,

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

$24,825,000
CITY OF BURBANK, CALIFORNIA
Burbank Water and Power Water Revenue/Refunding Bonds, Series of 2021

This Continuing Disclosure Agreement (this "Disclosure Agreement"), dated as of November 1, 2021, is by and between the City of Burbank, a municipal corporation and chartered city duly organized and existing under the Constitution and the laws of the State of California (the "City"), and U.S. Bank National Association, as dissemination agent (the "Dissemination Agent").

RECITALS

WHEREAS, this Disclosure Agreement is being executed and delivered by the City and the Dissemination Agent in connection with the issuance by the City of the $24,825,000 City of Burbank, California Burbank Water and Power Water Revenue/Refunding Bonds, Series of 2021 (the "2021 Bonds").

WHEREAS, the 2021 Bonds are being issued pursuant to a Third Supplemental Burbank Water and Power Water Revenue Bond Indenture dated as of November 1, 2021, which amends the Burbank Water and Power Water Revenue Bond Indenture dated as of November 1, 2010 (as supplemented, the "Indenture"), by and between the City and U.S. Bank National Association, as trustee for the 2021 Bonds (the "Trustee").

NOW, THEREFORE, for and in consideration of the mutual premises and covenants herein contained, the parties hereto agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City and the Dissemination Agent for the benefit of the holders and beneficial owners of the 2021 Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"*Annual Report Date*" means the date that is nine months after the end of the City's fiscal year (currently March 31 based on the City's fiscal year end of June 30).

"*Dissemination Agent*" shall mean U.S. Bank National Association, or any Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"*EMMA System*" shall mean the MSRB's Electronic Municipal Market Access system, or such other electronic system designated by the MSRB.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Agreement.

"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.

"Official Statement" means the final official statement dated November 4, 2021, executed by the City in connection with the issuance of the 2021 Bonds.

"Participating Underwriter" means J.P. Morgan Securities LLC, the original underwriter of the 2021 Bonds required to comply with the Rule in connection with offering of the 2021 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.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2022, with the report for the 2020-21 fiscal year, 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 Agreement. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City 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 Agreement; provided that the audited financial statements of the City's Water Utility Enterprise Fund 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 City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) If the City does not provide, or cause the Dissemination Agent to provide, an Annual Report by the Annual Report Date as required in subsection (a) above, the Dissemination Agent shall provide a notice to the MSRB, in a timely manner, in an electronic format as prescribed by the MSRB.

(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 City, file a report with the City and the Participating Underwriter certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, and stating the date it was provided.

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

(a) The audited financial statements for the City's Water Utility Enterprise Fund for the most recently completed fiscal year, prepared in accordance with Generally Accepted Accounting Principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the audited financial statements for the City's Water Utility Enterprise Fund 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 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 before the Annual Report Date, financial information and operating data with respect to the City for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

(i) Principal amount of 2021 Bonds outstanding as of the end of such fiscal year.

(ii) Updated information comparable to the information in the table titled "BURBANK WATER AND POWER - Customers, Water Sales and Water Revenues" as it appears in the Official Statement.

(iii) Updated information comparable to the information in the table titled "BURBANK WATER AND POWER - WEIGHTED AVERAGE BILLING PRICE-WATER" as it appears in the Official Statement.

(iv) Updated information comparable to the information in the table titled "BURBANK WATER AND POWER - HISTORICAL WATER NET REVENUES AND DEBT SERVICE COVERAGE - WATER SYSTEM" as it appears in the Official Statement.

(c) In addition to any of the information expressly required to be provided under paragraph (b) above, the City 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 City 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 City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the 2021 Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) 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 2021 Bonds, or other material events affecting the tax status of the 2021 Bonds.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the City.

(13) The consummation of a merger, consolidation, or acquisition involving the City, or the sale of all or substantially all of the assets of the City (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.

(14) Appointment of a successor or additional Trustee or the change of name of the Trustee, if material.

(15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.

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

(b) Upon the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) 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 Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) 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 Bonds under the Indenture.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the 2021 Bonds. The City 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 it determines the event's occurrence is material for purposes of U.S. federal securities law. Upon occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Agreement, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, trustee, or similar officer for the City 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 City, 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 City.

(e) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

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

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2021 Bonds. If such termination occurs prior to the final maturity of the 2021 Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

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

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City and the Dissemination Agent may amend this Disclosure

Agreement (and the Trustee shall agree to any amendment so requested by the City; provided, however, that the Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations), and any provision of this Disclosure Agreement 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 2021 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 2021 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 2021 Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the 2021 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 City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

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

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the written direction of any Participating Underwriter or any holder or beneficial owner of the 2021 Bonds shall, upon receipt of indemnification reasonably satisfactory to the Dissemination Agent) take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the City to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it 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 hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Trustee, the 2021 Bond owners or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2021 Bonds.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Trustee, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the 2021 Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Agreement 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.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

Date: ____________, 2021

CITY OF BURBANK

By: ________________________________

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By: ______________

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APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this Appendix F regarding DTC and its book-entry system has been obtained from DTC's website, for use in securities offering documents, and the City takes no responsibility for the accuracy or completeness thereof or for the absence of material changes in such information after the date hereof.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2021 Bonds. The 2021 Bonds will be issued as fully–registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the 2021 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2021 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 2021 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2021 Bonds, except in the event that use of the book-entry system for the 2021 Bonds is discontinued.

To facilitate subsequent transfers, all 2021 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 2021 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 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2021 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 2021 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2021 Bonds, such as redemptions, tenders, defaults and proposed amendments to the 2021 Bond documents. For example, Beneficial Owners of 2021 Bonds may wish to ascertain that the nominee holding the 2021 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

While the 2021 Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the 2021 Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2021 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 City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2021 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 City or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City 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 2021 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the 2021 Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the 2021 Bonds will be printed and delivered to DTC.

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CITY OF BURBANK

INCORPORATED 1911

CITY OF BURBANK, CALIFORNIA • BURBANK WATER AND POWER WATER REVENUE/REFUNDING BONDS, SERIES OF 2021

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

Printed by: ImageMaster, LLC
www.imagemaster.com