

For Immediate Release

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CENTRAL BASIN MWD WINS LAWSUIT AGAINST WEST BASIN MWD

COURT ORDERS WEST BASIN TO PAY THEIR LAWFUL PORTION OF EMPLOYEE RETIREMENT BENEFITS

COMMERCE CA – The Central Basin Municipal Water District has won the lawsuit it filed nine months ago against West Basin Municipal Water District over their refusal to pay their entire share of unfunded liability expenses, as assessed by the California Public Employees Retirement System (CalPERS), for joint employees of the Districts.

On Monday, October 20, the Court granted Central Basin's motion for summary judgment, ruling that West Basin's failure to settle their share of unfunded liability breached the settlement agreement the two Districts reached in May 2007.

Under the terms of the settlement, the amount each District owed to CalPERS would be based on the actuarial assessments relating to active employees employed by each District immediately following the two agencies' separation on June 30, 2006. Once CalPERS issued its actuarial analysis on November 30 2007, West Basin had 30 days to pay its share of the unfunded liability.

The CalPERS actuarial report showed West Basin was responsible for 72.33% percent of all active employees at the date of the separation, or \$1,096,997 in accrued liabilities. To date, West Basin owes more than \$354,139 to settle its share, plus interest. The exact amount due will be established by the Court. Additionally, because of West Basin's desire to litigate rather than to pay their obligation, Central Basin will now seek attorneys' fees under the settlement agreement, and related costs.

"This should have never gone to court. Unfortunately, sometimes that's what it takes before the right thing is done," said Central Basin General Manager Art Aguilar. "Paying for more than our share in CalPERS expenses at a cost to our ratepayers was just not fair. We're glad to see justice prevail this week."

The settlement agreement, forged after 13 months of negotiations, resolved the lawsuit West Basin filed against Central Basin on June 30, 2006, just one day before the two agencies officially separated—an action that was prompted by a decision West Basin

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made in February 2006 to dissolve the Districts' joint management agreement of more than 15 years.

The two Districts began operating together in 1990, when they made the decision to combine staff, consolidate their headquarters and operate jointly. The partnership was dissolved in June 2006.

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