



EAST BAY MUNICIPAL UTILITY DISTRICT

Variable and Fixed Rate Refundings and Remarketing Agent Replacement

Board of Directors

September 24, 2013

Proposed Financings for FY14

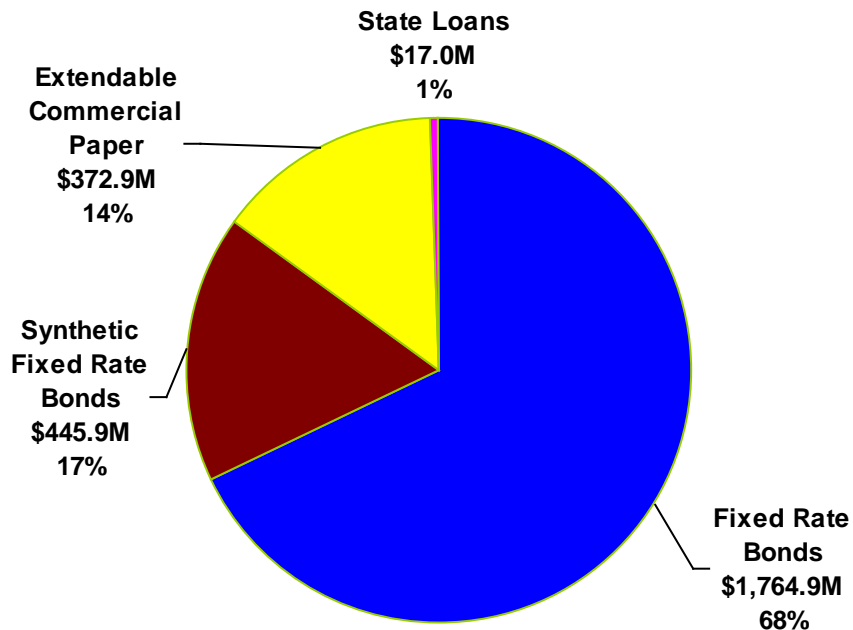


| | Description | Issue/Approximate Size | Date of Board Action | Pricing or Issuance Date |
|---|---|---|----------------------|--------------------------------------|
| 1 | Replace Royal Bank of Canada and Barclays Bank as remarketing agents for the District's outstanding Water Series 2008A-1, 2008A-2 and 2008A-3 Bonds | W 2008A-1: \$61.7 million W 2008A-2: \$46.3 million W 2008A-3: \$46.3 million | 9/24/2013 | 10/2013 (completion) |
| 2 | Authorization for Opportunistic Water and Wastewater Restructurings for De-Risking and Fixed Rate Refundings | Based on Market Opportunities | 9/24/2013 | TBD |
| 3 | Remarket the Water Series 2009A-1 and Series 2009A-2 Securities Industry and Financial Markets Association (SIFMA) Index Bonds to establish a new interest rate period | W 2009A-1: \$41.04 million W 2009A-2: \$41.04 million | 10/22/2013 | 11/14/13 (price) 12/03/13 (close) |
| 4 | Renew or replace Bank of America (BoFA) and JPMorgan Chase Bank (JPM) as liquidity providers for Water Series 2008A-4, Water Series 2008B-3 and Wastewater Series 2008C Bonds and extend term | W 2008A-4: \$46.3 million W 2008B-3: \$15.1 million WW 2008C: \$51.7 million | 10/22/2013 | 12/2013 |
| 5 | Remarket the Water Series 2011A-1 and A-2 SIFMA Index Bonds to establish a new interest rate period or refund with another product | W 2011A-1: \$74.1 million W 2011A-2: \$74.1 million | 2014 | 2014 |
| 6 | Competitive Sale Refunding of Wastewater Series F (2003) G.O. Bonds | WW \$18.6 million | 1/28/2014 | 2/2014 (price) 2/26/14 (close) |
| 7 | Renew or replace Wells Fargo Bank (WFB) as liquidity provider for Water Series 2008A-1 Bonds and extend term | W 2008A-1: \$61.7 million | 4/2014 | 6/2014 |
| 8 | Issue additional "New Money" Water Revenue Bonds | \$170.0 million | 4/2014 | 5 - 6/2014 |

Debt Composition

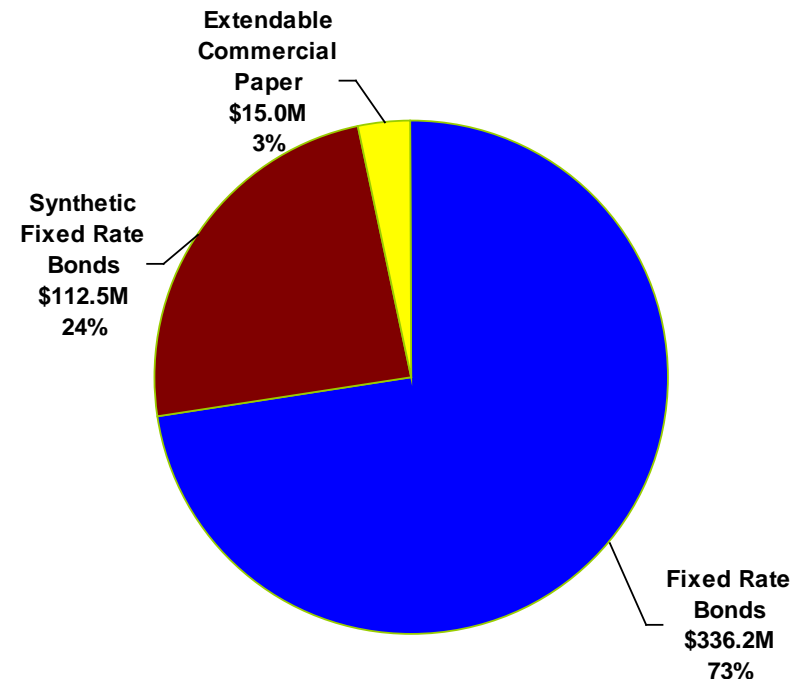
WATER SYSTEM

Total Outstanding Debt
\$2.6 Billion



WASTEWATER SYSTEM

Total Outstanding Debt
\$463.7 Million



Variable Rate Debt—Water

| Type | Series | Par (\$million) | Remarketing Agent | Liquidity Facility |
|-------|----------|--------------------|----------------------|-----------------------|
| VRDB | 2008 A-1 | \$61.725 | RBC | Wells |
| | 2008 A-2 | \$46.275 | Barclays | US Bank |
| | 2008 A-3 | \$46.275 | Barclays | US Bank |
| | 2008 A-4 | \$46.275 | BAML | BAML |
| | 2008 B-3 | \$15.100 | JP Morgan | JP Morgan |
| SIFMA | 2009 A-1 | \$41.040 | Morgan Stanley | N/A |
| | 2009 A-2 | \$41.035 | De La Rosa | |
| | 2011 A-1 | \$74.085 | JP Morgan | |
| | 2011 A-2 | <u>\$74.085</u> | JP Morgan | |
| | | \$445.895 | | |

Variable Rate Debt—Wastewater



| Type | Series | Par (\$million) | Remarketing Agent | Liquidity Facility |
|-------|--------|--------------------|----------------------|-----------------------|
| VRDB | 2008 C | \$51.690 | BAML | BAML |
| SIFMA | 2011A | \$60.845 | JP Morgan | N/A |
| | | \$112.535 | | |

Programmatic Authorization



- Purpose
 - De-Risk Variable-Rate Debt
 - Refund Fixed Rate Debt
- Criteria
 - Maximum NPV cost = 0.75% of refunded par (net of swap termination and cost of issuance)
 - Minimum NPV savings = 3.00% refunded par (net of cost of issuance)
- Term of 1 year

Replace Remarketing Agents



- Last year replaced Liquidity Facilities for Water Series 2008A-1, A-2, and A-3 Bonds
 - RBC and Barclays did not renew facilities
 - US Bank and Wells Fargo submitted extremely aggressive bids
- Replacing remarketing agents aligns remarketing agents and liquidity facilities
 - US Bank and Wells Fargo to remarket VRDOs for which they provide liquidity

Requested Actions

- Authorize variable-rate and fixed-rate refundings that meet certain parameters
- Authorize replacement of remarketing agents for Water Series 2008 A-1, A-2, and A-3

Questions



EAST BAY MUNICIPAL UTILITY DISTRICT

Work in the Streets

Board of Directors

September 24, 2013

Overview

- Dispatch
- Investigation
- Notifications
- Repair Process
- Challenges
- New Approaches
- Questions



Dispatch Center

- 10,000 Annually
- 24/7 Response
- 900 Shutdowns
- 700 Road Closures
- 600 Hit Hydrants
- 911
- Fires
- Notifications



Investigations

- 24/7 Response
- Sets BMP's
- Controls the flow
- Assesses Severity
- Calls for resources
- Water tests
- Auditory surveys
- Site Controls



Notifications

- Event Criteria
 - >50 Services
 - Critical Facility
 - Media
 - Property Damage
 - Regulatory
 - Injury
 - Hit gas



Mark and Locate

Color Code for:
Marking Excavation Sites & Underground Facilities

| | |
|---|------------------------------|
| PROPOSED EXCAVATION | TEMPORARY SURVEY MARKINGS |
| ELECTRIC | GAS-OIL-STEAM CHEMICAL |
| COMMUNICATION CATV | WATER |
| RECLAIMED WATER IRRIGATION SLURRY | SEWER STORM DRAIN |

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- One Call Center
- Multiple Utilities
- Emergency Marks
 - Within 2 hours
- Non-emergency
 - Within 48 hours
- High Priority Utilities
- Mismarks

This is what we see



Repair Process

- Break Out
- Excavate
- Repair
- Restore
- Clean up



Excavation

3,000 Leaks in FY13

- 1/3 Main Breaks
- 1/3 Copper Service Laterals
- 1/3 Poly Replacements



Making the Repair

- Clamps
- Replacements
- Mechanical
- Welds

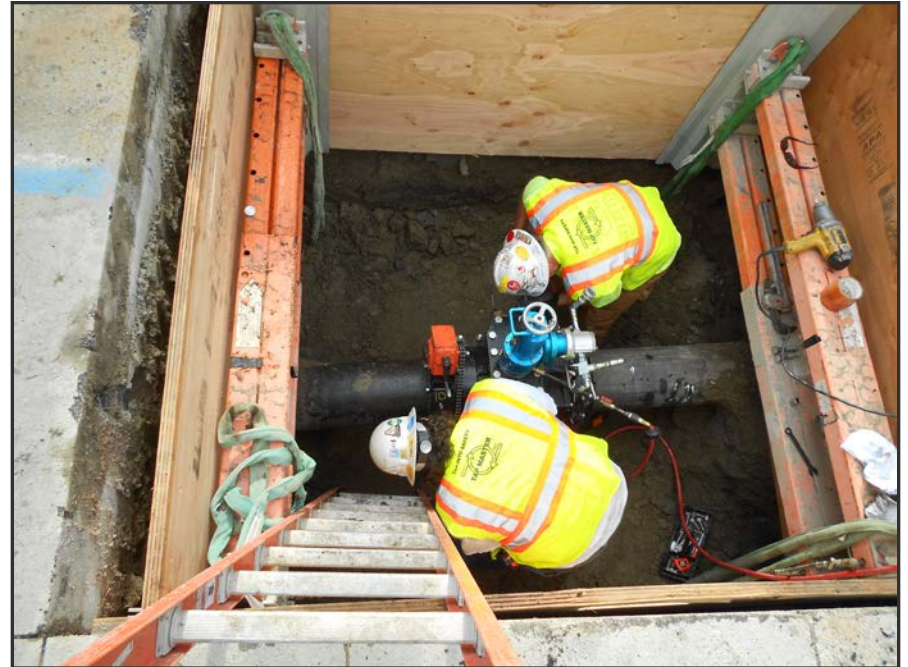


Repair Types

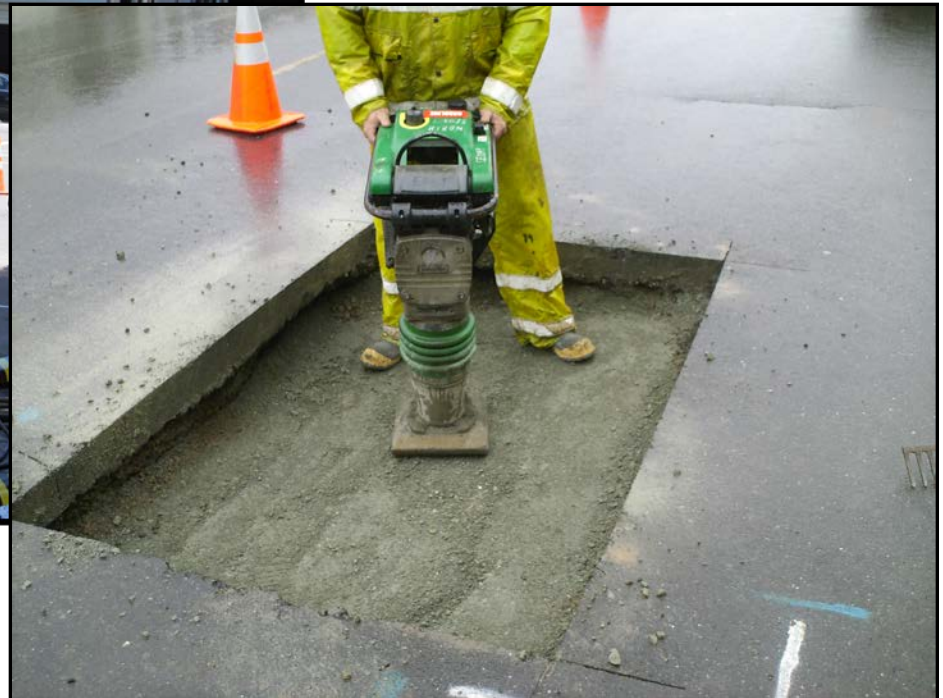
Welded



Mechanical



Restoration



Site Restoration

Before



After



Utility Conflicts



Utility Conflicts



After Hours Challenges



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Key Performance Indicators

- Response Time
 - Within 1 hour
- Repair Time
 - Emergency
 - 24 hours
 - Non-emergency
 - 7 days
- Shutdowns
 - Per 1,000 customers



New Approaches

- Notifications
 - Door Hangers
 - Main Break Notifications
 - Web Alerts
- Repairs
 - Leveraged Main Breaks
 - Inserta-valves[©]

Questions

